Friday
3rd September, 1948

# THE
# CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

## (PART I—QUESTIONS AND ANSWERS)

## Official Report

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VOLUME VII, 1948

(1st September to 7th September, 1948)

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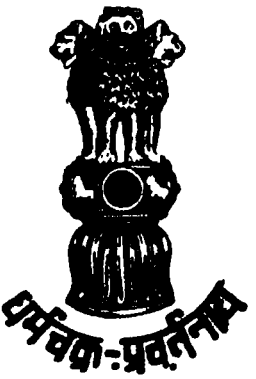
THIRD SESSION

of the

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

1948



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GIPD—LAD—92LAD—16-9-48—780

# CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

## (PART I—QUESTIONS AND ANSWERS.)

*Friday, 3rd September, 1948*

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

## STARRED QUESTIONS AND ANSWERS†

### CIVIL WORK EXECUTED IN AMBERNATH ORDNANCE FACTORY

**785. *Mr. R. K. Sidhva:** (a) Will the Honourable Minister of Defence be pleased to state the total amount of work executed for civil purposes in the Ambernath Ordnance Factory during the years 1945, 1946, 1947 and from 1st January to 30th June, 1948, each year separately?

(b) Has the factory been working to its full capacity? If not, why not?

(c) Was there any profit realised from this class of work during the above period? If so, what was the profit for each of the above years?

**The Honourable Sardar Baldev Singh:** (a) I lay a statement on the table of the House.

(b) No, Sir, because part of the plant in the factory, for which at present there are no military demands, is unsuitable for civil production.

(c) 1945-46—No profit.

1946-47—No profit.

1947-48 Onwards—Production accounts have not yet been finalised, so it is not yet possible to state whether there was any profit or not during this period.

*Statement*

1945—Negligible.

1946—35 tons of Brass Strip and a few miscellaneous items.

1947—1,370 tons of Non-ferrous materials mainly in strip form and a few miscellaneous items.

1948 (from 1st January to 30th June)—1,001 tons of Non-ferrous materials mainly in Strip form, and a few miscellaneous items.

### PENSIONS AND *INAMS* TO POLITICAL SUFFERERS

**786. *Mr. R. K. Sidhva:** (a) Will the Honourable Minister of Home Affairs be pleased to state whether it is a fact that Government contemplate taking decision in the matter of granting political or military pensions and *inams* to those who have suffered between 1913 and 1947 by partaking in political activities?

(b) If so, what are the plans of Government in this matter?

**The Honourable Sardar Vallabhbhai Patel:** (a) No, Sir.

(b) Does not arise.

†Answers to these questions were laid on the table, the question hour having been dispensed with.—*Ed. of D.*

BANNING PARTICIPATION OF COMMUNAL ORGANISATIONS IN POLITICS.

**787. *Seth Govind Das:** (a) Will the Honourable Minister of Home Affairs be pleased to state whether Government are aware of the recent decision of the All-India Hindu Mahasabha Executive to revive their political activities?

(b) If so, in view of the Government of India's declared policy of banning communal organizations from participating in politics, what steps do Government propose to take to stop political activities of communal organizations?

**The Honourable Sardar Vallabhbhai Patel:** With the permission of the Speaker, I would like to give a consolidated reply to the four questions Nos. 787, 802, 816 and 857.

All these questions deal with the action taken by Government to implement the Resolution passed by this Assembly during the last Session on communal political organisations. I place on the table of the House a copy of a letter which has been issued to all Provincial Governments and Chief Commissioners and to the Ministries of the Central Government.

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No. 24/2/48-POLL.

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

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From

G. V. Bedekar, Esquire, I.C.S.,

Deputy Secretary to the Government of India.

To

All Provincial Governments and Chief Commissioners.

*New Delhi*, (3) *the 11th August*, 1948

SUBJECT :—*Regulation of communal organisations.*

Sir,

I am directed to refer to the enclosed resolution, regarding the regulation of communal organisations, passed by the Constituent Assembly of India (Legislative) at its meeting held on the 3rd April 1948, and to say that the Government of India have given careful consideration to the question of what steps, legislative and administrative should be taken to prevent communal organisations from engaging in activities other than those essential for the *bona fide* religious, cultural, social and educational needs of the community. So far as legislative action is concerned, it appears to the Government of India that it is difficult, for several reasons to draw at this stage a clear line between religious, cultural, social and educational activities (which may be termed non-political activities) on the one hand and other activities (which may be termed political) on the other. The main reason is that the fundamental rights to be conferred by the new Constitution may render certain types of political activities justifiable even when they are pursued by a communal organisation. For instance, if some of the fundamental rights are in practice denied to members of a particular community in a particular area, then those members may justifiably organise themselves for the purpose of asserting those rights and getting the other communities to recognise them, but such an activity may well be regarded as "political" in the sense of not being "essential for the *bona fide* religious, cultural, social and educational needs of the community". The draft constitution also recognises the communal element in respect of certain matters, besides fundamental rights—*e.g.*, reservation and seats for minorities in the House of People and in the Legislative Assemblies of States, and special provision for the Anglo-Indian Community with respect to appointment to services and educational grants. It has accordingly been decided that the implementation of the resolution in the legislative field should wait until the passing of the Constitution when it will be clearer to what extent "political" activities of communal organisations will be justifiable on account of their close connection with fundamental rights and other provisions of the Constitution.

2. Meanwhile, as regards administrative action, the Government of India have decided that the following measures should be put into effect forthwith :

(a) No notice should be taken by Government and its officers, local bodies, State-aided institutions, etc., of petitions or representations from communal organisations on political matters.

(b) Interviews, should be denied to leaders of communal organisations who wish to make representations on political matters. Deputations of such communal organisations should not be received by any Minister or officer of Government.

(c) No Government grant-in-aid or patronage in any form should be given to communal organisations which indulge in political activities.

3. I am to request that, if the Provincial Government/you see no objection, step may be taken to give effect to the administrative measures decided upon.

Yours faithfully,
G. V. BEDEKAR,
*Dy. Secy. to the Govt. of India.*

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Copy of Regulation of Communal organisations, passed by the Constituent Assembly of India (Legislative) at its meeting held on the 3rd April, 1948.

"Whereas it is essential for the proper functioning of democracy and the growth of national unity and solidarity that communalism should be eliminated from Indian life, this Assembly is of opinion that no communal organisation which by its constitution or by the exercise of discretionary power vested in any of its officers or organs, admits to or excludes from its membership persons on grounds of religion, race and caste, or any of them, should be permitted to engage in any activities other than those essential for the *bona fide* religious cultural, social and educational needs of the community, and that all steps, legislative and administrative, necessary to prevent such activities should be taken".

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EDUCATION AND WELFARE OF THE BLIND

**788. *Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Education be pleased to state how many Institutions are run by Government for the education and welfare of the blind and where they are situated?

(b) How many blind people are undergoing training and what are the vocations for which they have been trained?

**The Honourable Maulana Abul Kalam Azad:** (a) There is no institution for the Blind under the direct administrative control of either the Central or the Provincial Governments. According to our information, three Schools for the Blind are run by three State Governments, namely Cochin, Jaipur and Mysore. There are thirtyfive other Institutions in the Provinces and States, most of which receive grants-in-aid from their respective Governments. The Government of India are taking steps to provincialize the Ajmer School for the Blind.

(b) According to available information, approximately 1,200 students are receiving education and training in various institutions managed by private and public bodies in this country. In most of these institutions, music is taught with a vocational bias. Besides this, the students are taught a few handicrafts, such as cane-work, wicker-work, card-board-box making, elementary leather-work, gardening, hand-loom weaving, knitting etc.

BROADCAST IN MALAYALAM AND KANNADA FROM A. I. R., DELHI

**789. *Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Information and Broadcasting be pleased to state whether there is any proposal before Government to include Malayalam and Kannada among the languages in which broadcasts will be made from the All-India Radio, Delhi?

(b) If the answer to part (a) above be in the affirmative, when do Government propose to inaugurate the same?

**The Honourable Sardar Vallabhbhai Patel:** (a) A daily news bulletin in Kannada is already broadcast from All-India Radio, Delhi, while a daily news talk in Malayalam is given from Madras. A proposal to radiate two news bulletins daily in Malayalam and Kannada from All-India Radio, Delhi is under consideration.

(b) As soon as the requisite financial sanction and staff are available.

## CINCHONA CULTIVATION AND DISTRIBUTION OF QUININE THROUGH POST OFFICES

**790. *Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Health be pleased to state the total acreage under Cinchona cultivation in the Indian Union?

(b) Is there any proposal to increase the area under cultivation?

(c) Is quinine being supplied regularly through the post offices and what is the number of post offices distributing the same?

**The Honourable Rajkumari Amrit Kaur:** (a) A statement (No. I) giving the required information is laid on the table.

(b) It is understood that the Governments of Madras and West Bengal are each planning to enlarge their plantations.

(c) Quinine is being supplied through post offices in the Provinces other than West Bengal, East Punjab, Orissa, and Assam. In the last two Provinces, however quinine substitutes are being supplied through the post offices. A statement (No. II) showing the number of post offices supplying quinine is placed on the table of the House.

*Statement I.*

*Showing approximate acreages of cinchona plantations in the Indian Union.*

| Particulars. | Locations. | Approximate Acreages. |
|---|---|---|
| 1. Plantations of the Government of West Bengal. | Darjeeling District . | 7,000 |
| 2. Plantations of Government of Madras . | Nilgiris & Anemalais . | 5,400 |
| 3. Plantations of the Government of Assam | Khasi Hills . . . | 400 |
| 4. Bombay-Burmah Trading Corporation . | Anamalais & Tinnevally District (Madras). | 600 |
| 5. Smaller private plantations in Madras . | Nilgiris & Anamalais | 300 |
| 6. Other private plantations . . . | Coorg . . . . | 6 |
| Total Acreage . | | 13,706 |

*Statement II.*

*Showing the names of Provinces supplying quinine to the public through Post Offices.*

| Name of Provinces. | Number of post offices distributing quinine to the public. |
|---|---|
| Bombay . . . . . | 484 |
| Madras . . . . . | 4,347 |
| United Provinces . . . . . | 2,500 |
| Bihar . . . . . | 30 |
| Central Provinces and Berar . . . . . | 846 |
| Total . | 8,207 |

RETRENCHMENT IN ORDNANCE FACTORIES

**791. *Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Defence be pleased to state the number of ordnance workers who have been retrenched after 15th August, 1947 from the various ordnance Factories?

(b) Is there any proposal to effect a further retrenchment of these workers?

(c) How many months notice is normally given before retrenchment and what assistance do Government give to these workers to get employment?

**The Honourable Sardar Baldev Singh:** (a) 775, all Unskilled Workmen.

(b) No, Sir.

(c) Fourteen days in accordance with the Factories Act. Records are kept by each Factory of discharged employees and they are offered re-employment as and when the work load justifies it. Particulars are also furnished to Labour Employment Exchanges for assistance in obtaining alternative employment.

CONSTRUCTION OF MILITARY RAILWAY FROM KANGRA BEHIND SHIVALIK RANGE

**792. *Dr. Raghu Vira:** Will the Honourable Minister of Defence be pleased to state why it has not been possible to lay a military railway from Kangra, behind the Shivalik range, where a road is suggested to be built?

**The Honourable Sardar Baldev Singh:** It has not been possible to do this mainly due to the difficult terrain. Besides the construction of a railway line would have certainly taken a very long time.

TEMPLES AND GURDWARAS DESTROYED IN WESTERN PAKISTAN

**793. *Dr. Raghu Vira:** Will the Honourable Minister of Home Affairs be pleased to state what is the number of Hindu and Sikh places of worship destroyed during the disturbances in Western Pakistan, the number still standing intact, and the arrangements, if any, arrived at to protect them against further outrage?

**The Honourable Sardar Vallabhbhai Patel:** Government have no information regarding the exact number of Hindu and Sikh places of worship destroyed in the disturbances in Western Pakistan or the number of places of worship standing intact though it is known that a considerable number were destroyed or desecrated. In the Inter-dominion Conference held in New Delhi in September 1947, it was agreed that places regarded as sacred by any community should not be allowed to be occupied by members of any other community and particular care should be taken to preserve such places intact, even if they remain vacant.

ARCHÆOLOGICAL SURVEY OF INDIA

**794. *Dr. Raghu Vira:** (a) Will the Honourable Minister of Education be pleased to state what is the strength of officers in the Archæological Survey of India?

(b) How many officers do research work as against administrative work?

(c) How many inscriptions have been edited during the last year?

(d) How many inscriptions are lying in the office of the Epigraphist for India and other offices of the Archæological Department, which still await publication?

(e) Does the Archæological Department have any specialists for Painting, Architecture, Numismatics, Sculpture, Pre-historic remains, and other special branches?

(f) When is the report of the Ahi-chhatra (in the Bareilly District, United Provinces) excavations to be published?

(g) Would it not be possible for Government to make this report available in Hindi also?

**The Honourable Maulana Abul Kalam Azad:** (a) Thirty-two (including three Class II officers).

(b) No archæological officer is appointed exclusively for administrative duties. All officers are expected to do research work in addition to such administrative work as is essential for them to do by virtue of their being in charge of their own archæological Circles and specific Branches.

(c) and (d). Details of South Indian inscriptions only are available. So far 29,585 inscriptions have been collected and 8,291 out of them have been published. The remaining 21,294 are still to be published. All archæological publications were held in abeyance during the war and though several volumes of the South Indian Inscriptions and parts of the Epigraphica Indica are in the press at present none has appeared, yet.

(e) The Department of Archæology has specialists in Epigraphy, Pre-history, Museology, Scripture, Numismatic; Archæological Chemistry, Excavations and an officer in charge of Publications.

(f) It has not been possible to publish a report on the Ahi-chhatra excavation *in toto*. But some of the more important finds have been published or are being published in the different numbers of "Ancient India". Pottery has been published in No. 1 and Terracottas are being published in No. 4.

(g) Government will consider the matter.

### ENQUIRY COMMITTEE FOR STUDY AND TRAINING IN HOMOEOPATHY

**795. *Prof. Shibban Lal Saksena:** (a) Will the Honourable Minister of Health be pleased to state why the personnel of the Homoeopathic Committee, the formation of which was promised during the debate on a resolution on the subject on 17th February, 1948, has not been announced so far and when Government propose to announce the same?

(b) What steps have Government taken since the passing of the resolution by this House on 17th February, 1948 to encourage the proper study and training of students in the science of Homoeopathic medicine, and the employment of trained Homoeopathic doctors in Government service or in refugee camps?

**The Honourable Rajkumari Amrit Kaur:** (a) The Homoeopathic Enquiry Committee has now been constituted. The delay was due to the fact that the Provincial Governments had to be consulted and there was some delay in the receipt of their replies.

(b) The steps to be taken to regulate training in Homoeopathy and the employment of Homoeopathic doctors in Government service will be considered after the report of the Committee is received.

### PROHIBITION IN PROVINCES AND STATES

**796. *Dr. P. S. Deshmukh:** Will the Honourable Minister of Home Affairs be pleased to state the names of provinces and states where prohibition is introduced?

**The Honourable Sardar Vallabhbhai Patel:** The subject is wholly provincial and I regret Government have no information to give to the honourable member.

POPULAR MINISTRY IN EAST PUNJAB STATES UNION

**797. *Sardar Bhopinder Singh Man:** (a) Will the Honourable Minister of States be pleased to state whether in spite of the formation of the East Punjab States Union, no Ministry has till now been formed there?

(b) Who is carrying on the administration in the absence of a popular Ministry?

(c) It is a fact that the East Punjab States Union Congress has offered and is in a position to form a Ministry?

(d) If so, why has it not been allowed to do so?

**The Honourable Sardar Vallabhbhai Patel:** (a) No.

(b) A caretaker Government has been set up.

(c) The offer was received but it was not in a position to form a Ministry.

(d) Does not arise.

BROADCASTING OF NEWS FIRST IN NATIONAL LANGUAGE AND THEN IN OTHER LANGUAGES

**798. *Shri Kishorimohan Tripathi:** (a) Will the Honourable Minister of Information and Broadcasting be pleased to state whether Government have considered the desirability of broadcasting news etc., firstly in the proposed national language of India and then in other languages?

(b) If so, do Government propose to take steps to get the same done in all A.I.R. broadcasts?

**The Honourable Sardar Vallabhbhai Patel:** (a) No.

(b) Does not arise.

EDUCATION IN RURAL AREAS THROUGH RADIO

**799. *Shri Kishorimohan Tripathi:** (a) Will the Honourable Minister of Information and Broadcasting be pleased to state whether the Government of India have any plans to make the machinery of broadcasting render greater service to the rural areas in India?

(b) If the answer to part (a) above be in the negative, do Government propose to consider the necessity of drawing up such plans and implementing them with a view to educate the rural population?

**The Honourable Sardar Vallabhbhai Patel:** (a) Yes.

(b) Does not arise.

FORMATION OF UNION OF ORISSA STATES

**800. *Shri Yudhisthir Mishra:** (a) Will the Honourable Minister of States be pleased to state whether Government have received any representations from the Orissa States for the formation of a union of those States?

(b) If so, do Government propose to place on the table of the House the names of persons or organisations who have made the representations along with the grounds advanced by them for the formation of the union?

(c) Have Government taken any decisions on the representations referred to above and communicated the decisions to the persons or organisations concerned?

**The Honourable Sardar Vallabhbhai Patel:** (a) Yes.

(b) The representation was made by the Rulers of Patna, Kalahandi, Bamra, Dhenkanal and Seraikella. I regret I am unable to disclose the contents of the representation

(c) Yes. The attention of the honourable member is invited to the press communiques issued by the Government of India on the 28th August 1948, a copy of which is laid on the table of the House.

*PRESS COMMUNIQUE*

*Merger of Orissa States Final and Irrevocable Rulers Accept Sardar Patel's Advice*

The Ministry of States has been receiving reports that for several months past there has been a move afoot to form a Union of the states which were comprised in what was known as the Eastern States Agency. The rulers of all the states of this agency signed agreements at Cuttack and Nagpur on the 14th and 15th December 1947 to integrate their states with the provinces of Orissa and Central Provinces. Soon after that an agitation started to separate certain states from Orissa and Central Provinces and merge them in Bihar. Some of the rulers also submitted a memorandum for the clarification of their position *vis-a-vis* the provinces and particularly desiring a union on the model of other unions of states formed in India. After careful examination of all aspects of the case and the considerations put forward by the provincial Governments the Government of India decided to separate Seraikela and Kharsawan from Orissa and integrate them with the district of Singhbhum in Bihar. While announcing this decision it was made clear in the communique issued on the 17th May 1948 that the Government had finally decided to merge these states in the provinces in all branches of administration with a common legislature a common judiciary and a common executive Some of the rulers however did not consider the communique to be the Government's final decision and while waiting for a reply to their memorandum continued supporting the movement for the formation of a union of states. The movement has been particularly active in some of the Orissa States as well as in the Singhbhum District in Bihar.

The Honourable the Deputy Prime Minister has had a discussion with the Premier of Orissa and certain rulers of Orissa States who have been supporting the movement. It now appears that they were under the impression that it was open to them to continue the movement.

The Honourable the Deputy Prime Minister made it clear to the rulers that the decision announced on the 17th May was final and irrevocable. Merger as decided was necessary not only in the larger interests of the country but also of the provinces the rulers and the people. He advised the rulers to give up any further attempt to promote the Union movement. The rulers who were present in Delhi accepted the advice given by the Honourable the Deputy Prime Minister.

*Atmosphere of Goodwill*

In the course of discussion with the Premier of Orissa and the rulers of Orissa States the Deputy Prime Minister impressed on all the paramount need of creating an atmosphere of goodwill in the province. As the rulers have now accepted the advice given by the Dputy Prime Minister the Government of Orissa have agreed to take immediate steps necessary to implement the wish expressed by the Sardar including the release of all persons who have been detained in connection with the union movement.

*Ministry of States.*
*New Delhi, August* 28, 1948.

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INTERVIEWS WITH STATE AND POLITICAL PRISONERS.

**801. *Shri H. V. Kamath:** Will the Honourable Minister of Home Affairs be pleased to state:

(a) the rules under which interviews with state and political prisoners are regulated;

(b) whether members of the Central Legislature have any privileges in this regard; and

(c) whether Government propose to modify the existing rules under which interviews with state and political prisoners are regulated and if so, how?

**The Honourable Sardar Vallabhbhai Patel:** (a) Interviews with State prisoners are regulated by special rules under the State Prisoners Regulation (Bengal Regulation III of 1818). There are no prescribed rules regulating interviews with political prisoners.

(b) No.

(c) Government have not found it necessary to make any modification.

IMPLEMENTATION OF THE RESOLUTION *RE* PARTICIPATION OF COMMUNAL POLITICAL ORGANISATIONS

†802. ***Shri H. V. Kamath:** Will the Honourable Minister of Home Affairs be pleased to state what measures have been taken by Government with a view to implementing the resolution on comunal political organizations adopted by this Assembly during the last Budget Session.

PERSONS ON BAIL ABSCONDING TO PAKISTAN

**803. *Dr. B. V. Keskar:** (a) Will the Honourable Minister of Home Affairs be pleased to state whether Government are aware that in many provinces, and especially in the United Provinces, persons against whom criminal cases are pending and who have been released on bail have run away to Pakistan?

(b) what steps do Government propose to take in the matter?

**The Honourable Sardar Vallabhbhai Patel:** (a) and (b). The question relates to a matter which is the concern of the Provincial Governments. The Government of India have no information.

LENDING SERVICES OF SECRETARY IN MINISTRY OF HEALTH TO BARODA

**804. *Shri H. V. Kamath:** Will the Honourable Minister of Health be pleased to state the terms and conditions under which the services of the Secretary to the Government of India in the Ministry of Health have been lent to Baroda?

**The Honourable Rajkumari Amrit Kaur:** Dr. Jivraj N. Mehta is not a permanent employee of Government; the question of lending his services to the Baroda Government does not, therefore, arise.

ESTABLISHMENT OF DISPENSARIES IN NEW DELHI

**805. *Shri H. V. Kamath:** Will the Honourable Minister of Health be pleased to state:

(a) whether Government are aware of the inconvenience and hardships caused to the public of New Delhi by the lack of medical facilities; and

(b) whether any arrangements are being made for establishing dispensaries at convenient centres in New Delhi?

**The Honourable Rajkumari Amrit Kaur:** (a) and (b). Government are aware that the medical facilities in Delhi and New Delhi are not adequate to meet the growing demands. Proposals for increasing the number of beds in the hospitals are under active consideration and the question of opening new dispensaries will also be considered.

SELECTION FOR APPOINTMENT IN U.N.O. SECRETARIAT

**806. *Shri Lakshminarayan Sahu:** Will the Honourable Minister of Home Affairs be pleased to state:

(a) whether it is a fact that there is a dearth of officers in the Central Services as well as in the Indian Foreign Service;

(b) whether it is also a fact that about 700 candidates were selected by the Federal Public Service Commission as suitable for service in the Secretariat of the United Nations Organisation and that only about 10 persons out of these candidates have been appointed;

†For Answer to this question, *see* answer to Question No. 787.

(c) if the replies to parts (a) and (b) above be in the affirmative, what steps Government have taken to appoint these candidates in the Indian Foreign Service and in the Indian Central Services;

(d) if no steps have been taken so far, why it is so,

(e) whether Government propose to consider the cases of such persons for appointment to the Indian Administrative Services; and

(f) whether Government propose to lay on the table of the House a list of approved candidates for the United Nations Organisation Secretariat but who have not yet got the appointments?

**The Honourable Sardar Vallabhbhai Patel:** (a) Yes.

(b) No. The Federal Public Service Commission did not make any selections. They merely invited applications, and collected and forwarded to the United Nations Organisation applications from candidates who possessed the prescribed qualifications. Some candidates applied to the United Nations direct. The selection and appointments were made by the United Nations Organisation in New York and it is not known how many candidates who applied from India have been appointed so far.

(c) to (e). Do not arise.

(f) There is no list of approved candidates for appointment to the United Nations Organisation Secretariat. As already stated selections for appointments are made by the United Nations Organisation.

### PRIVATE PROPERTIES OF RULERS OF MADHYA BHARAT STATES UNION

**807. *Shri V. S. Sarwate:** (a) Will the Honourable Minister of States be pleased to state whether inventories of all immovable properties, securities and cash balances held as their private properties by the Rulers of Covenanting States of the Madhya Bharat Union have been given to the Raj Pramukh?

(b) If so, do Government propose to place these lists on the table of the House?

(c) If not, what steps have been taken to get these inventories?

(d) Have any criteria been fixed or principles declared, to distinguish private property of the Ruler from the State property?

(e) If so, what are these criteria or principles?

(f) Have disputes as to the nature of any item in the inventories not being a Ruler's private property arisen?

(g) If so, how many and who were the persons nominated by the Government of India to decide those disputes?

(h) What have been the decisions in such cases?

(i) Irrespective of such disputes, have Government taken any steps or made any arrangements to verify these inventories?

(j) If so, what are these arrangements or steps taken and with what result?

(k) Has the Rajpramukh of the Union taken any steps or made any arrangements to verify these inventories?

(l) If so, what are these steps or arrangements?

**The Honourable Sardar Vallabhbhai Patel:** Sir, with your permission I propose to answer Questions Nos. 807 and 808 together.

The procedure for the submission and acceptance of inventories of private properties of the Rulers of Covenanting States is prescribed by the Covenant for the formation of the United State of Madhya Bharat. Article XII(2) of the Covenant provides for the submission to His Highness the Rajpramukh of inventories of private properties by the Rulers of the Covenanting States before August 1, 1948. It is understood that these inventories have been received by the Rajpramukh. The basis on which they are to be examined and accepted is for the Rajpramukh acting on the advice of his Ministers to decide. After examination, a note of acceptance will be recorded by the Rajpramukh and communicated to the Ruler concerned with a copy to the Government of India. It is, therefore, primarily for the Union itself to decide whether or not the inventories, as accepted, should be published. The Government of India hardly come into the picture except in regard to the settlement of disputed items.

Even in regard to this the Government of India have informed the Rajpramukhs of the Unions that all possible avenues of arriving at an amicable settlement of disputed items should be explored before referring the case to them. The Rajpramukhs have expressed a desire that an officer from the States Ministry should visit the Unions and assist them personally in the settlement of the Rulers' claim to private property. This request has been agreed to. It is hoped that as a result of these discussions the problem will be resolved to the satisfaction of all concerned and that a formal enquiry in terms of the Covenant would not be forced on the Government of India.

PUBLICATION OF INVENTRIES OF PRIVATE PROPERTIES OF RULERS OF MADHYA BHARAT STATES UNION

†808. *Shri V. S. Sarwate: (a) Will the Honourable Minister of States be pleased to state whether the inventories of private properties which were to be given by the Rulers of the covenanting States to the Madhya Bharat Union were published or made available to the public?

(b) If so, in which manner and when?

(c) If not, why were they not made so available?

(d) Will the Government please state as to who was to scrutinize and verify these inventories and whether it was the duty of the Rajpramukh or of the Cabinet Ministers or of them both to scrutinize these inventories and to raise, where proper, a dispute as to whether any item in these inventories was the private property of the Ruler?

(e) If so, have these inventories been so scrutinized and verified and with what result?

(f) If not, who was expected to raise the dispute (referred to in article XII of the Covenant of the United State of Madhya Bharat) as to whether any item in these inventories was the private property of a Ruler?

HOME GUARDS AND PRANTIYA RAKSHA DAL FOR DELHI AND AJMER-MERWARA.

809. *Pandit Mukut Bihari Lal Bhargava: (a) Will the Honourable Minister of Home Affairs be pleased to state what progress has been made so far towards the organisation of the Home Guards and Prantiya Raksha Dal in the Chief Commissioner's Provinces of Delhi and Ajmer-Merwara?

(b) Do these forces exist in these provinces? If so, what is their present strength?

(c) Is it a fact that further recruitment of Home Guards in the Province of Ajmer-Merwara has been stopped and the persons already recruited have been absorbed in the ordinary police force as the requisite sanction for the necessary finances to implement the scheme was not forthcoming?

†For Answer to this question, see answer to question No. 807.

(d) By which date is the organisation of Prantiya Raksha Dal in the province of Ajmer-Merwara likely to commence and have arrangements been made for the funds and weapons necessary for training the personnel?

**The Honourable Sardar Vallabhbhai Patel:** (a) The United Provinces Home Guards Act has been extended to Delhi and Ajmer-Merwara and some recruitment has been made. A Commandant has also been appointed in Delhi. Raksha Dals have not yet been started either in Delhi or in Ajmer-Merwara.

(b) The strength of Home Guards in the two provinces is as follows:

Delhi—1,000.

Ajmer-Merwara—87.

(c) Yes, further recruitment of Home Guards in Ajmer-Merwara has been stopped as it had commenced in anticipation of financial sanction. The Home Guards already recruited have not been absorbed in the ordinary police but exist as a separate organization.

(d) The scheme prepared by the Chief Commissioner is under examination, and no precise date can be fixed. Provision for funds and weapons necessary for the training will be made when the scheme is sanctioned.

### POST-WAR MEDICAL AND HEALTH SCHEMES FOR AJMER-MERWARA

**810. *Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Health be pleased to state whether any steps have been taken towards expediting the implementation of Post-war Medical Schemes in the urban and rural areas of the province of Ajmer-Merwara?

(b) What funds, if any, have been provided for the said scheme in the last budget and how much has actually been spent so far on these schemes?

(c) Has anything been done to adequately staff the dispensaries in the rural areas and the hospital at Beawar in the province of Ajmer-Merwara and, to supply them with the requisite medicines, injection tubes and up-to-date surgical instruments since Government's reply to my Starred Question No. 421 dated the 23rd February, 1948 on this subject? If so, what and if not, why not?

**The Honourable Rajkumari Amrit Kaur:** (a) The medical and public health schemes of Ajmer-Merwara for which budget provision has been made during 1948-49, were placed before the Standing Committee of the Legislature for the Ministry of Health and their approval obtained. The approval of the Standing Finance Committee has also been received. I regret that there has been some delay in issuing administrative approval. But it will be sought to go ahead with the work as soon as possible.

In anticipation of administrative approval two rural dispensaries have been taken over by Government and some of the staff at three other rural dispensaries transferred to the Government establishment. Sites have been selected for the construction of buildings for the hospitals and health centres under the schemes and plans are being prepared by the C.P.W.D.

(b) A sum of Rs. 18·30 lakhs has been provided in the 1948-49 budget, which includes a provision of Rs. 9,98,000 for buildings.

(c) An up-to-date Diagnostic X-Ray plant has been installed in the Beawar Hospital and medical stores including injection tubes worth Rs. 7,000 have been provided there. The Kekri rural dispensary has also been provided with a microscope. The Beawar Hospital and the Rural Dispensaries will be improved further when the schemes mentioned in clause (a) are sanctioned and put into execution.

ESTABLISHMENT OF CENTRAL LEPROSY RESEARCH INSTITUTE

811. *Shri O. V. Alagesan: (a) Will the Honourable Minister of Health be pleased to state whether Government propose to start a Central Leprosy Research Institute?

(b) If so, where do Government propose to locate it?

(c) Is any research work in leprosy being carried on at present and if so, where?

The Honourable Rajkumari Amrit Kaur: (a) and (b). Government do wish to establish a Central Teaching and Research Institute for Leprosy in the country. They are shortly appointing a Committee to work out details of the Institute and suggest its location.

(c) Yes; active research on leprosy is being carried out under the auspices of the Indian Research Fund Association at the School of Tropical Medicine, Calcutta, and at the Lady Willingdon Leprosy Sanatorium at Chingleput, Madras.

ARMY OFFICERS' MESS

812. *Shri Mahavir Tyagi: (a) Will the Honourable Minister of Defence be pleased to state how much a Lieutenant in the Indian Army has to pay for the boarding and lodging charges per month to the Officers' Mess, if he has two other members of his family residing with him?

(b) Is there any Officers' Mess which caters for vegetarians only?

The Honourable Sardar Baldev Singh: (a) The charges for boarding vary from rupees twelve to rupees eighteen a day for three persons, depending on the age if one of them is a child. The lodging charges amount to 10 per cent. of pay or rupees fifty whichever is less.

(b) No.

CULTURAL REPRESENTATIVE IN U.S.A.

813. *Shri Mahavir Tyagi: (a) Will the Honourable Minister of Education be pleased to state if Government have recently appointed a cultural representative in the United States of America?

(b) What is his name, and what are his qualifications and emoluments?

The Honourable Maulana Abul Kalam Azad: (a) No separate appointment of a cultural representative in the United States of America has been made by the Government of India. The Educational Liaison Officer will continue to deal with cultural matters as heretofore.

(b) Does not arise.

HIGH COURT FOR HIMACHAL PRADESH PROVINCE

814. *Dr. Bakhshi Tek Chand: (a) Will the Honourable Minister of States be pleased to state whether any court has been established to function as a High Court in the Himachal Pradesh Province and if so, from what date?

(b) If the answer to part (a) above be in the affirmative, what is the designation of this court, what is its constitution, what are the qualifications of the Judges and what is the salary fixed for each Judge?

(c) If the answer to part (a) above be in the negative, is it proposed to establish an independent Court for the Province and if so, what will be its constitution, or is it, the intention to extend the jurisdiction of one of the existing High Courts to this Province?

**The Honourable Sardar Vallabhbhai Patel:** (a) A Judicial Commissioner has been appointed with effect from August 15, 1948. It has been provided that this court shall be the highest civil and criminal court of appeal and revision for Himachal Pradesh.

(b) Details about the designation, constitution, qualifications of Judges etc., of the Court of the Judicial Commissioner are contained in the Government of India Ministry of States notification No. 270-IB, dated August 10, 1948, a copy of which is placed on the table. It has been provided that the Judicial Commissioner will be paid a salary of Rs. 1,600—100—1,800.

(c) Does not arise.

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No. 270-I.B.

GOVERNMENT OF INDIA

MINISTRY OF STATES

*Dated New Delhi, the 10th August* 1948

NOTIFICATION

*Mimachal Pradesh (Courts) Order*, 1948

Whereas the Central Government has full and exclusive authority, jurisdiction and powers for and in relation to the governance of Himachal Pradesh;

And whereas it is expedient to consolidate and amend the law relating to Courts in Himachal Pradesh;

Now, therefore, in exercise of the powers conferred by sections 3 and 4 of the Extra-Provincial Jurisdiction Act, 1947 (XLVII of 1947) and of all other powers enabling it in this behalf, the Central Government is pleased to make the following Orders :—

CHAPTER I

*Preliminary*

1. *Short title, extent and commencement.*—(1) This Order may be called the Himachal Pradesh (Courts) Order, 1948.

(2) It extends to the whole of Himachal Pradesh.

(3) It shall come into force on the 15th day of August 1948.

2. *Definitions.*—In this Order, unless there is anything repugnant in the subject or context.—

(i) "Chief Commissioner" means the Chief Commissioner of Himachal Pradesh;

(ii) "District Court" means the Court of the District Judge and includes the Court of the Additional Judge;

(iii) "Himachal Pradesh" means the area comprised within the territories of the states specified in the Schedule of the Himachal Pradesh (Administration) Order, 1948, as amended from time to time.

(iv) "land suit" means a suit relating to land as defined in clause 1 of section 4 of the Punjab Tenancy Act, 1887 (XVI of 1887) or to any right or interest in such land;

(v) "small cause suit" means a suit of the nature cognizable by a Court of Small Causes under the Provincial Small Cause Courts Act, 1887 (IX of 1887);

(vi) "unclassed suit" means a suit which is neither a land suit nor a small cause suit; and

(vii) "value" in relation to a suit means the amount or value of the subject matter of the suit.

CHAPTER II

*Court of the Judicial Commissioner*

3. *Establishment of the Court of the Judicial Commissioner.*—On and from the commencement of this Order, there shall be established for Himachal Pradesh a Court to be known as the Court of the Judicial Commissioner for Himachal Pradesh which shall consist of the Judicial Commissioner and the Additional Judicial Commissioner, if any.

4. *Appointment of Judicial Commissioner and Additional Judicial Commissioner.*—(1) The Judicial Commissioner and the Additional Judicial Commissioner, if any, shall be appointed by the Central Government and shall hold office at the pleasure of the Central Government.

(2) No person shall be appointed as the Judicial Commissioner or the Additional Judicial Commissioner who is not qualified to be appointed as a Judge of a High Court under sub-section (3) of section 220 of the Government of India Act, 1935, or who is not, immediately before the commencement of this Order, the Chief Judge of a State comprising Himachal Pradesh.

5. *Casual vacancy in the office of the Judicial Commissioner.*—On the occurrence of a vacancy in the office of the Judicial Commissioner, the Additional Judicial Commissioner, if any, shall pending the appointment of the Judicial Commissioner act as the Judicial Commissioner.

6. *Rank, precedence and responsibility of Judicial Commissioner.*—The Judicial Commissioner shall have rank and precedence before the Additional Judicial Commissioner and shall be responsible for the administration of, and generally for the distribution of business, of the Court of the Judicial Commissioner.

7. *Exercise of jurisdiction by Judicial Commissioner and Additional Judicial Commissioner.*—Subject to such orders as the Judicial Commissioner may make as regards the distribution of business between himself and the Additional Judicial Commissioner, the jurisdiction of the Court of the Judicial Commissioner may be exercised by the Judicial Commissioner or by the Additional Judicial Commissioner.

8. *Civil and criminal jurisdiction of the Court of the Judicial Commissioner.*—Save as otherwise provided by this order or any other law for the time being in force, the Court of the Judicial Commissioner shall be the highest civil and criminal court of appeal and revision for Himachal Pradesh.

9. *Registrar and Ministerial Officers.*—(1) The Chief Commissioner may appoint a Registrar and the Judicial Commissioner may, with the concurrence of the Chief Commissioner appoint such other ministerial officers as may be necessary for the administration of justice by the Court of the Judicial Commissioner and for the exercise and performance of the powers and duties conferred or imposed on it by this order or any other law for the time being in force.

(2) The Judicial Commissioner may, make rules for delegating to the Registrar such powers and such duties of a judicial, quasi-judicial or non-judicial nature as he deems fit. The ministerial officers shall exercise such powers and perform such duties of a quasi-judicial or non-judicial nature as the Judicial Commissioner may direct.

10. *Superintendence and control of Subordinate Courts.*—(1) The general superintendence and control over all Courts in Himachal Pradesh shall vest in, and all such Courts shall be subordinate to, the Court of the Judicial Commissioner.

(2) In exercise of the power of superintendence and control vested in it, but without prejudice to the generality of such power, the Court of the Judicial Commissioner may do any of the following things, that is to say,—

(a) call for returns;

(b) direct the transfer of any suit or appeal from any Subordinate Court to any other Court of equal or superior jurisdiction;

(c) make rules and issue general directions and prescribe forms for regulating the practice and procedure of Subordinate Courts;

(d) prescribe forms in which books, entries and accounts shall be kept by the officers of any such Court.

11. *Registers, books and accounts and statements to be kept by Judicial Commissioner.*—(1) The Court of the Judicial Commissioner shall keep such registers, books and accounts as may be necessary for the transaction of the business of the Court and shall forward to the Chief Commissioner such of these registers books and accounts and such statements of the work done in the Court as may from time to time be required by the Chief Commissioner.

(2) The Court of the Judicial Commissioner shall also comply with such requisitions as may be made by the Central Government or the Chief Commissioner for certified copies of, or extracts from, the records of the Court of the Judicial Commissioner or any Court subordinate thereto.

12. *Procedure of the Court of Judicial Commissioner.*—Notwithstanding anything contained in the Code of Civil Porcedure, 1908, or the Code of Criminal Procedure, 1898, the Court of the Judicial Commissioner shall record evidence and judgments in such manner and prescribe such forms to be used in proceedings before it, as it may direct by rules made by it with the sanction of the Chief Commissioner.

13. *Admission and removal of Advocates, Vakils and Pleaders.*—(1) The Court of the Judicial Commissioner may, subject to such rules as it may with the sanction of the Chief Commissioner make, admit proper persons to be advocates, vakils and pleaders in any Court in Himachal Pradesh, and may remove or suspend from practice on reasonable cause any person so admitted; and may authorise such advocates, vakils and pleaders to plead and to act or to plead and act for suitors and accused persons.

(2) No person other than an advocate, vakil or pleader shall be allowed to plead or to act or to plead and act for suitors and accused persons, except that any suitor may appear, plead or act on his own behalf or on behalf of a co-suitor.

14. *Seat of the Court of Judicial Commissioner.*—The Court of the Judicial Commissioner shall be a Court of record and shall sit at Simla or at such other place or places if any as the Judicial Commissioner may, with the approval of the Chief Commissioner, from time to time, appoint.

## CHAPTER III

### *Subordinate Courts*

15. *Classes of Courts.*—In addition to the Court of the Judicial Commissioner and the Courts of small causes established under the Provincial Small Cause Courts Act, 1887 (IX of 1887) and the courts established under any other law for the time being in force, there shall be the following classes of Civil Courts, namely :—

(i) The Court of the District Judge;

(ii) The Court of a Subordinate Judge.

16. *Civil Districts and District Judges.*—(1) For the purposes of this Chapter, the Chief Commissioner may, by notification in the official gazette, divide Himachal Pradesh into civil districts and may alter the limits or the number of these districts and may determine the headquarters of each such district.

(2) The Chief Commissioner shall, after consultation with the Judicial Commissioner, appoint as many persons as he thinks necessary to be District Judges and shall post one such person to each district as District Judge of that district.

Provided that the same person may, if the Chief Commissioner thinks fit, be appointed to be the District Judge of two or more districts.

17. *Additional District Judges.*—(1) When the business pending before the Court of a district Judge requires the aid of an Additional Judge or Judges for its speedy disposal, the Chief Commissioner may, after consultation with the Judicial Commissioner, appoint such Additional District Judges as may be necessary.

(2) An Additional District Judge so appointed shall discharge any of the functions of a District Judge which the District Judge may assign to him, and in the discharge of his functions he shall exercise the same powers as the District Judge.

18. *Subordinate Judges.*—(1) The Chief Commissioner may, after consultation with the Judicial Commissioner, fix the number of Subordinate Judges to be appointed and, if there is a vacancy in that number, may, subject to the rules, if any, made under sub-paragraph (2), appoint such person as is nominated by the Judicial Commissioner to the vacancy.

(2) The Chief Commissioner may, after consultation with the Judicial Commissioner, make rules as to the qualifications of persons to be appointed Subordinate Judges.

(3) A Subordinate Judge may be suspended from office by the Judicial Commissioner subject to the confirmation of the Chief Commissioner and may be removed from office by the Chief Commissioner on the report of the Judicial Commissioner.

19. *The District Court to be principal Civil Court of original jurisdiction.*—The Court of the District Judge shall be the principal Civil Court of original jurisdiction in the district.

20. *Original jurisdiction of Civil Courts.*—Save as otherwise provided by any other law for the time being in force, the Court of the District Judge shall have original jurisdiction in civil suits without limit as regards the value.

21. *Original limits of Subordinate Judges.*—The jurisdiction to be exercised in original civil suits as regards the value by any person appointed to be a Subordinate Judge shall be determined by the Chief Commissioner, after consultation with the Judicial Commissioner, in such manner as he thinks fit.

22. *Local limits of jurisdiction of Subordinate Judges.*—(1) The local limits of the jurisdiction of a Subordinate Judge shall be such as the Chief Commissioner may, by notification in the official gazette, define.

(2) When the Chief Commissioner posts a Subordinate Judge to a district, the local limits of the district shall, in the absence of any directions to the contrary, be the local limits of his jurisdiction.

23. *Honorary Subordinate Judges.*—(1) The Chief Commissioner may, after consultation with the Judicial Commissioner, appoint any person to be an Honorary Subordinate Judge and may confer on such Judge all or any of the powers conferrable under this Order on a Subordinate Judge with respect to any class of suits or with respect to suits generally in any local area and may withdraw or suspend the exercise of any powers so conferred.

(2) Any person on whom powers are conferred under sub-paragraph (1) shall be deemed for the purposes of this Order to be a Subordinate Judge.

24. *Small Cause jurisdiction of Subordinate Judges.*—The Chief Commissioner may, by notification in the official gazette, confer within such local limits as he thinks fit on a Subordinate Judge the jurisdiction of a Judge of the court of the small causes under the Provincial Small Cause Courts Act, 1887 (IX of 1887) for the trial of small cause suits upto such value not exceeding rupees five hundred as he thinks fit, and may withdraw any jurisdiction so conferred.

25. *Exercise by Subordinate Judges of jurisdiction of District Court in certain proceedings.*—(1) The Judicial Commissioner may, by general or special order, authorise any Subordinate Judge to take cognizance of, and any District Judge to transfer to a Subordinate Judge under his control, any proceedings or any class of proceedings, specified in such order, under—

(a) the Indian Succession Act, 1925 (XXXIX of 1925), if the proceedings cannot be disposed of by the District Judge;

(b) the Guardians and Wards Act, 1890 (VIII of 1890), or

(c) the Provincial Insolvency Act, 1920 (V of 1920).

(2) The District Judge may, withdraw any such proceedings taken cognizance of by, or transferred to, a subordinate judge under his control, and may either himself dispose of them or transfer them to a Court under his control competent to dispose of them.

(3) Proceedings taken cognizance of by or transferred to a Subordinate Judge under this paragraph shall be disposed of by him, subject to the rules applicable to like proceedings in the Court of the District Judge.

26. *Place of sitting of Courts.*—(1) The Chief Commissioner may fix the place or places at which any Court constituted under this chapter is to be held.

(2) The place or places so fixed may be beyond the local limits of the jurisdiction of the Court.

(3) Save as other wise provided by an order under this paragraph, a Court constituted under this order may be held at any place within the local limits of its jurisdiction.

27. *Control of Courts by District Judge.*—Subject to the general superintendence and control of the Judicial Commissioner, the District Judge shall have control over all the civil Courts within the local limits of his jurisdiction.

28. *District Judge's power to distribute business.*—Notwithstanding anything contained in the Code of Civil Procedure 1908 (Act V of 1908), a District Judge may by written order, direct that any civil business cognizable by his Court and the Courts under his control shall be distributed among such Courts in such manner as he thinks fit:

Provided that no direction issued under this paragraph shall empower any Court to exercise any powers or deal with any business beyond the limits of its proper jurisdiction.

29. *Ministerial officers of Courts.*—(1) The ministerial officers of the District Court shall be appointed by the District Judge.

(2) The ministerial officers of civil Courts, under the control of the District Judge, shall be appointed by the District Judge.

(3) Every appointment under this paragraph shall be subject to such rules as the Judicial Commissioner with the approval of the Chief Commissioner may make in this behalf.

(4) Any order passed by a District Judge under this paragraph shall be liable to be reversed or modified by the Judicial Commissioner.

30. *Delegation of powers of District Judge and District Court.*—A District Judge may, with the previous sanction of the Judicial Commissioner, delegate to the Judge of any Court under his control all or any of the powers conferred on a District Judge by sections 27 and 28 of this Order and on a District Court by section 24 of the Code of Civil Procedure, 1908 (Act V of 1908), to be exercised by such Judge in any specified portion of the districts, subject to the control of the District Judge.

## CHAPTER IV

### *Appellate and Revisional Jurisdiction in Civil Cases*

31. *Appeals from original decrees.*—Save as otherwise provided by any law for the time being in force, appeals from decrees of Courts exercising original jurisdiction shall lie as follows:—

(a) from a decree of a Subordinate Judge in a suit of value not exceeding five thousand rupees, to the Court of the District Judge: and

(b) in all other cases, to the Court of the Judicial Commissioner.

Provided that the Judicial Commissioner, with the previous sanction of the Chief Commissioner, may by notification in the Official Gazette direct that appeals lying to the Court of the District Judge from all or any of the decrees passed by a Subordinate Judge in a small cause suit of value not exceeding five hundred rupees or in any unclassed suit of value not exceeding one hundred rupees shall be preferred to such other subordinate judge as may be mentioned in the notification, and the appeals shall thereupon be preferred accordingly, and the Court of such other Subordinate Judge shall be deemed to be the Court of a District Judge for the purposes of all appeals so preferred.

32. *Appeals from appellate decrees.*—(1) A second appeal shall lie to the Court of the Judicial Commissioner in any of the following cases from an appellate decree of a District Court on any ground which would be a good ground of appeal if the decree had been passed in an original suit, namely :—

(a) in a small cause suit or unclassed suit,

(i) if the value of the suit is one thousand rupees or upwards, or the decree involves directly some claim to, or question respecting, property of like value, and the decree of the District Court varies or reverses, otherwise than as to costs the decree of the Court below, or

(ii) if the value of the suit is two thousand five hundred rupees or upwards, or the decree of the District Court involves directly some claim to, or question respecting, property of like value;

(b) in a land suit,

(i) if the value of the suit is two hundred and fifty rupees or upwards, or the decree involves directly some claim to, or question respecting, property of like value, and the decree of the District Court varies or reverses otherwise than as to costs the decree of the Court below, or

(ii) if the value of the suit is one thousand rupees or upwards, or the decree of the District Court involves directly some claim to, or question respecting, property of like value.

(2) The provisions of Order XLI of the Code of Civil Procedure, 1908 (Act V of 1908) other than rule 35 of the said Order, shall apply, as far as may be, to a second appeal under this paragraph and to the execution of a decree passed on any such appeal.

33. *Finality of appellate decrees of District Court.*—Subject to the provisions of paragraphs 32 and 35 of this Order, an appellate decree of a District Court shall be final.

34. *Period of limitation.*—(1) The period of limitation for a second appeal under paragraph 32 shall be ninety days from the date of the decree appealed against.

(2) In computing this period and in all other respects not herein specified, the period of limitation of the appeal shall be governed by the provisions of the Indian Limitation Act, 1908 (IX of 1908).

35. *Revisional powers of Court of Judicial Commissioner.*—(1) The Court of the Judicial Commissioner may call for the record of any case which has been decided by a Civil Court subordinate to it and in which no appeal lies to it, and—

(a) if the Civil Court by which the case was decided appears to have exercised a jurisdiction not vested in it by law, or to have failed to exercise a jurisdiction so vested, or to have acted in the exercise of its jurisdiction with material irregularity, or

(b) if on an application made to it the Court of the Judicial Commissioner is of opinion that there is an important question of law or custom involved and that such question requires further consideration, the Court of the Judicial Commissioner may make such order in the case as it thinks fit.

Provided that—

(i) no application under sub-paragraph (b) shall be admitted after the expiration of ninety days from the date of the order in respect of which the application is made, unless the applicant satisfies the Court of the Judicial Commissioner that he had sufficient cause for not making the application within that period;

(ii) no such application shall be admitted in a small cause suit under the value of one thousand rupees or in an unclassed suit under the value of two hundred rupees;

(iii) on any such application the Court of the Judicial Commissioner shall not revise the decision of the Court below except in so far as such decision involves the question of law or custom in respect of which the application has been admitted; and

(iv) when any such application has been admitted, the Court of the Judicial Commissioner shall, subject to proviso (iii) treat the matter of the application as if it were an appeal.

*Explanation.*—A question of procedure is not a question of law or custom within the meaning of sub-paragraph (b).

(2) In computing the period of limitation mentioned in proviso (i) of sub-paragraph (1), and in all other respects not herein specified, the period of limitation of the application shall be governed by the provisions of the Indian Limitation Act, 1908 (IX of 1908).

(3) Section 115 of the Code of Civil Procedure, 1908 (Act V of 1908), shall not apply to Himachal Pradesh.

36. *Court-fees payable on revision.*—(1) The Court-fees payable on applications to the Court of the Judicial Commissioner for the exercise of its jurisdiction under paragraph 35 shall be the same as those for the time being payable on like applications to the High Court of Judicature for the East Punjab.

(2) If the Court of the Judicial Commissioner, on an application in respect of which the fee payable under sub-paragraph (1) has been paid, sets aside or modifies a decree or order of the Court below or remands the case for a fresh decision, the Court of the Judicial Commissioner may grant to the applicant a certificate authorising him to receive back from the Deputy Commissioner of the District in which the Court is situated the full amount of such fee or such part thereof as the Court, having regard to the circumstances of the case, may think fit.

## CHAPTER V

### *Supplemental Provisions*

37. *Seal.*—Every Court constituted under this Order shall use a seal of such form and design as are prescribed by the Chief Commissioner.

38. *Temporary vacancies of office of District Judge.*—In the event of the death of a District Judge or of his being prevented from performing his duties by illness or other cause or of his absence from the Civil District on leave, the Additional District Judge, if any, in the District, or where there is no such Additional District Judge the first in rank of the Subordinate Judges shall assume charge of the District Court, without interruption to his ordinary jurisdiction, and while so in charge, shall perform the duties of a District Judge with respect to the filing of suits and appeals, receiving pleadings, execution of processes, return of writs and the like, and shall be designated as the Additional District Judge, or the Subordinate Judge, as the case may be, in charge of the District and shall continue in such charge until the office of the District Judge has been resumed or assumed, by an officer duly appointed thereto.

39. *Delegation of powers of District Judge.*—Any District Judge leaving the headquarters and proceeding on duty to any place within his District, may delegate to the Additional District Judge, if any, or where there is no such additional District Judge, to a Subordinate Judge at the headquarters, the power of performing such duties, enumerated in paragraph 38 as may be emergent; and such officer shall be designated as the Additional District Judge or the Subordinate Judge, as the case may be, in charge of the headquarters.

40. *Temporary vacancy of office of Subordinate Judge.*—In the event of the death, suspension or temporary absence of any Subordinate Judge, the District Judge may empower the Judge of any Subordinate Court of the same Civil District to perform the duties of the Judge of the vacated Subordinate Court, either at the place of such Court or of his own Court; but in every such case the registers and records of the two Courts shall be kept distinct.

41. *Continuance of powers of officers.*—Whenever any person holding an office in the service of the Government of Himachal Pradesh who had been invested with any powers under this order throughout any local area is transferred or posted to an equal or higher office of the same nature within a like local area, he shall, unless the Chief Commissioner otherwise directs, or has otherwise directed, exercise the same powers in the local area to which he is so transferred or posted.

42. *Power to make rules.*—The Court of the Judicial Commissioner may from time to time make rules consistent with this order and any other law for the time being in force—

(a) for the supervision of all Courts subordinate to the Court of the Judicial Commissioner and their visitation and inspection;

(b) for the translation of any papers filed in the Court of the Judicial Commissioner and the preparation of paper books for the hearing of appeals and the copying, typing or printing of any such papers or translations and the recovery from the persons at whose instance or on whose behalf papers are filed, of the expenses thereby incurred;

(c) the fees to be charged for processes issued by the Civil Courts, or by any officer of any such Court and the fee payable in any suit or proceeding in any such Court by any party to such suit or proceeding in respect of the fees of the pleader of any other party to such suit or proceeding;

(d) the manner in which the proceedings of Civil Court shall be kept and recorded, the manner in which paper books for the hearing of appeals shall be prepared and the granting of copies;

(e) all matters relating to officers of Court;

(f) declaring what persons shall be permitted to act as petition writers in the Courts subordinate thereto;

(g) regulating the issue of licences to such persons, the conduct of business by them and the scale of fees to be charged by them; and

(h) determining the authority by which breaches of such rules shall be investigated and the penalties which may be imposed.

43. *Vacations.*—(1) Subject to the approval of the Chief Commissioner, the Judicial Commissioner shall prepare a list of days to be observed in each year as close holidays in the Court of the Judicial Commissioner and the Civil Courts subordinate to that Court.

(2) The list shall be published in the official Gazette.

(3) A judicial act done by a civil court on a day specified in the list shall not be invalid by reason only of its having been done on that day.

44. *Pending proceedings.*—(1) Any proceeding pending in a Court immediately before the commencement of this Order shall, upon the commencement of this order, be deemed to be transferred to the Court exercising the jurisdiction under this Order which corresponds as far as may be, to the jurisdiction of the Court in which the proceeding was pending, and the Court to which the proceeding is transferred shall proceed to try, hear and determine the matter as if it had been pending in that Court.

(2) Any appeal from a decree, sentence or order passed by a Court and not appealed against before the commencement of this Order shall lie to the Court exercising the jurisdiction under this Order which corresponds as far as may be, to the jurisdiction of the Court to which such appeal would have lain if this Order had not been made.

(3) Any decree, sentence or order passed before the commencement of this order by any Court shall be deemed for the purposes of execution to have been passed by a Court constituted by this order which corresponds as far as may be to the Court which passed the decree, sentence or order, as the case may be.

Provided that nothing contained in sub-paragraph (1) or sub-paragraph (2) shall be construed as extending the period of limitation to which any suit, appeal or application may be subject.

45. *Repeal.*—(1) Paragraph 4 of the Himachal Pradesh (Administration) Order, 1948, in so far as it is inconsistent with the provisions of this order is hereby repealed.

(2) Save as otherwise provided by this order or any other law for the time being in force, all Civil Courts other than those specified in this order, shall on the commencement of this order, cease to exist.

N. M. BUCH, Joint Secy.

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## POPULAR ADMINISTRATION FOR HIMACHAL PRADESH

**815. *Dr. Bakhshi Tek Chand:** (a) Will the Honourable Minister of States be pleased to state whether any machinery has been set up to associate the people of the Himachal Pradesh in the administration of the Province and if so, what?

(b) If the answer to part (a) above be in the negative, what steps, if any, are proposed to be taken in this behalf and when?

**The Honourable Sardar Vallabhbhai Patel:** (a) It is proposed to set up an Advisory Committee to advise the Chief Commissioner, Himachal Pradesh in the administration of the area.

(b) Does not arise.

ENDING OF COMMUNAL POLITICS

†816. *Shri S. V. Krishnamurthy Rao: (a) Will the Honourable Minister of Home Affairs be pleased to state whether the attention of Government has been drawn to a news-item appearing in the *National Herald* of Lucknow, dated the 19th August, 1948, regarding the Government of India's directive to Provincial Governments for administrative action to end communal politics?

(b) Is it a fact that such a directive has been sent?

(c) If so, do Government propose to lay a copy of the directive on the table of the House?

BROADCASTING STATION FOR AHMEDABAD, BEZWADA AND DHARWAR

817. *Shri S. V. Krishnamurthy Rao: (a) Will the Honourable Minister of Information and Broadcasting be pleased to state whether it is a fact that Ahmedabad and Bezwada are going to have broadcasting stations very soon and if so, when?

(b) When is the broadcasting station at Dharwar going to be established?

(c) Is there any date fixed for the same and if not, why not?

**The Honourable Sardar Vallabhbhai Patel:** (a) Yes, before the end of the year.

(b) By the middle of 1949.

(c) No. Preliminary enquiries regarding site, buildings, etc., are being made. Until these are completed, it is not possible to fix the opening date.

MEDIUM OF INSTRUCTION IN SCHOOLS AND COLLEGES

818. *Shri S. V. Krishnamurthy Rao: (a) Will the Honourable Minister of Education be pleased to state, with reference to the resolution regarding medium of instruction published in the *Gazette of India*, which of the languages of India with script and literature are to be treated as media of instruction in primary schools?

(b) Are Government going to decide also about the media in the secondary and college stages?

(c) When is the decision likely to be taken?

**The Honourable Maulana Abul Kalam Azad:** (a) Mother tongue of the child will be the medium of instruction in primary schools *i.e.* upto junior basic stage from the age of 6 to 11 as stated in paras. 9 and 10 of the Resolution referred to by the honourable member.

(b) The Central Advisory Board of Education in their report on Post-War Educational Development in India, published in 1944, recommended that the medium of instruction in the secondary stage should be the mother tongue of the pupils. The Government of India are in general agreement with the recommendations made in that Report.

As regards the medium of instruction at the University stage, the Medium of Instruction Committee appointed by the Government of India recommended that English should be gradually replaced as the medium of instruction at the university stage during the next five years and that the language of the State or Province or region should be adopted in its place. The Government of India have approved of this recommendation.

(c) Provincial and State Governments, Universities and the Inter-University Board have been requested to take early steps to implement these recommendations.

†For Answer to this question, *see* answer to Question No. 787.

LEGISLATIVE ASSEMBLY OF MADHYA BHARAT STATES UNION

**819. *Shri V. S. Sarwate:** (a) Will the Honourable Minister of States be pleased to state whether the Legislative Assembly of the Madhya Bharat Union has been formed and has begun to function?

(b) If so, do Government propose to place on the table of the House a list of the names of the members of that Assembly?

(c) If not, what are the reasons for delaying the formation of the Assembly and the steps which have been so far taken to remove those reasons?

**The Honourable Sardar Vallabhbhai Patel:** (a) No.

(b) Does not arise.

(c) Delay is due to the fact that all nominations have not yet been received from the Praja Mandal.

BAN ON HOLDING OF MEETINGS AND DISTRIBUTION OF LEAFLETS BY GOVERNMENT SERVANTS IN OFFICE PREMISES

**820. *Shri M. Ananthasayanam Ayyangar:** Will the Honourable Minister of Home Affairs be pleased to state whether it is a fact that Government have recently imposed a ban on the holding of meetings and distribution of leaflets by Government Servants in office premises and adjoining lawns whether during or outside office hours?

**The Honourable Sardar Vallabhbhai Patel:** There is no ban on such activities. Only prior permission of a competent authority is required for the use of the office premises and the adjoining lawn.

ABSORPTION OF STATES MILITARY OFFICERS IN INDIAN ARMY

**821. *Ch. Ranbir Singh:** Will the Honourable Minister of Defence be pleased to state:

(a) the number of trained military officers of the acceding States, who have applied for absorption in the Indian Army;

(b) the number of such officers absorbed in the Indian army so far; and

(c) if the reply to part (b) above be in the negative, whether Government propose to absorb such officers in the Indian army and if not, why not?

**The Honourable Sardar Baldev Singh:** (a) About sixty, including those who have applied for short service Commission.

(b) So far twelve have been granted permanent Commission and seven Short service Commission . A few cases are under consideration.

(c) Does not arise.

PROFICIENCY EXAMINATION FOR STENOGRAPHERS IN SECRETARIAT AND ATTACHED OFFICES

**822. *Shri Mahavir Tyagi:** (a) Will the Honourable Minister of Home Affairs be pleased to state whether any proficiency examinations of all the temporary stenographers of the Secretariat and attached offices of the Government of India were held in March 1945 and April 1946?

(b) How many of these stenographers passed these tests and how many of them were made permanent?

(c) Did the Ministry of Home Affairs issue a circular on 5th June, 1948 to the effect that all the stenographers who had already qualified in a proficiency test and those who would qualify in a fresh examination would be considered together for their confirmation?

(d) How many of those confirmed in the months of May and June 1948 had passed the proficiency examination and how many were such as had not passed any such examination?

(e) Is it a fact that many stenographers who had passed the proficiency examination and had been serving for more than 7 or 8 years are still temporary and have been superseded by their juniors?

**The Honourable Sardar Vallabhbhai Patel:** (a) Yes.

(b) The total number of stenographers who qualified in the various tests held by the Federal Public Service Commission in 1945-46 is 197. The successful candidates became eligible to receive a 'proficiency allowance' of Rs. 25 per mensem, and not for confirmation in permanent vacancies.

(c) Yes.

(d) and (e). Information is not readily available and has been called for from all Ministries.

INSTITUTION FOR STUDY OF GEO-POLITICS

**823. *Shri Brajeshwar Prasad:** (a) Will the Honourable Minister of Education be pleased to state whether there is any proposal before Government to start any College or Institute for the study of Geo-Politics in this country?

(b) Do Government propose to introduce this subject in any one of the centrally administered Universities in India?

**The Honourable Maulana Abul Kalam Azad:** (a) No.

(b) The Government of India have no such proposal under consideration at present.

SKARDU GARRISON IN KASHMIR

**824. *Lala Achint Ram:** (a) Will the Honourable Minister of Defence be pleased to refer to the Defence Ministry Communique, published in the *Hindustan Times*, dated the 19th August, 1948, relating to the surrender of the Skardu Garrison in Kashmir and state what measures Government propose to take to recapture this strategic fort?

(b) Is it a fact that the surrender of the garrison has been due to the fact that adequate supplies including reinforcements could not be provided continuously for a period of eight months including the five mouths of summer season when snow had melted?

**The Honourable Sardar Baldev Singh:** (a) It is not in the public interest to disclose future operational plans.

(b) Yes, this is substantially correct.

SIKHS AND HINDUS OF PAKISTAN ARRESTED FOR ESPIONAGE

**825. *Shri Mahavir Tyagi:** (a) Will the Honourable Minister of Home Affairs be pleased to state whether it is a fact that some Sikh and Hindu women and men of Pakistan have been arrested here for espionage?

(b) If so, how many are they?

(c) What punishment has been awarded to them?

**The Honourable Sardar Vallabhbhai Patel:** (a) to (c). I regret I am unable to give the information asked for, as that would be contrary to public interests.

EMERGENCY RECRUITMENT TO INDIAN ADMINISTRATIVE POLICE AND OTHER SERVICES ...

**826. *Shri L. Krishnaswami Bharathi:** Will the Honourable Minister of Home Affairs be pleased to state:

(a) the total number of applications received by the Emergency Selection Board for appointments to the Indian Administrative Service and other services, from each province;

(b) the total number of women applicants;

(c) the total number of applicants, who are in Government Service, and of those who belong to the legal profession;

(d) the total number of appointments intended to be made, under each category of appointments;

(e) the principles that are intended to be applied in making the selection for appointments;

(f) whether it is proposed to hold any examination for making the selection; and

(g) whether the Committee proposes to go to Provincial centres for interviewing the applicants?

**The Honourable Sardar Vallabhbhai Patel:** (a) A statement is laid on the table.

(b) and (c). Applications have not been classified on the basis of sex or occupation. The information required will not, therefore, be available until detailed scrutiny of all the applications is complete.

(d) There are 255 vacancies in the Indian Administrative Service and 290 in the Indian Police Service. These vacancies will be filled firstly by appointment of suitable officers from the Provincial Civil Service and Provincial Police Service on the recommendations of the Provincial Governments concerned and secondly on the recommendations of the Special Recruitment Board in so far as the officers of the Provincial Services of the requisite standard are not available. Some posts in the Central Secretariat will also be filled on the recommendations of the Board but the number of such posts has not been settled yet.

(e) The Special Recruitment Board has been given the discretion to frame its own principles of selection subject to the qualifications prescribed by Government.

(f) No.

(g) Yes as far as possible.

*Statement*

Number of applications received by the Special Recruitment Board.

It is not possible at this stage to give the exact figures. Approximate figures are as follows:—

| | |
|---|---|
| Assam | 250 |
| Bihar | 700 |
| Bombay | 2750 |
| Central Provinces | 700 |
| East Punjab | 2150 |
| Madras | 4100 |
| Orissa | 250 |
| United Provinces | 3550 |
| West Bengal | 2400 |
| TOTAL | 16850 |

EXTERNAL BROADCASTING SERVICE IN NEPALI.

**827. *Shri Ari Bahadur Gurung:** (a) Will the Honourable Minister of Information and Broadcasting be pleased to state whether opening of an external service broadcasting in Nepali is possible at this juncture to develop closer relations with Nepal?

(b) Has Nepal approached the Government of India to assist them in this task?

**The Honourable Sardar Vallabhbhai Patel:** (a) A weekly programme in Nepalese is broadcast by All-India Radio at present; the question of its extension is under consideration.

(b) No.

CONDITION OF SERVICES OF NEPALESE CONTINGENT

**828. *Shri Ari Bahadur Gurung:** Will the Honourable Minister of Defence be pleased to state the conditions under which the services of the Nepalese Contingent in India have been procured?

**The Honourable Sardar Baldev Singh:** The terms on which the services of the Nepalese Contingent have been obtained are more or less the same as the terms on which a Nepalese Contingent was obtained during the last war. The Nepalese Contingent is intended to perform internal defence duties at various places.

EMBEZZLEMENT OF ARMS FROM GENERAL HEADQUARTERS ARMOURY, DELHI

**829. *Giani Gurmukh Singh Musafir:** (a) Will the Honourable Minister of Defence be pleased to state whether it is a fact that Arms have been embezzled from the Armoury of General Headquarters at Delhi and smuggled to some unknown destination?

(b) If it is so, what measures have Government adopted to put a stop to such a practice in future?

(c) Do Government propose to make enquiries to ascertain if similar leakages are not taking place in other Government Armouries?

**The Honourable Sardar Baldev Singh:** (a) I would invite attention to my answer to Starred Question No. 619 asked on the 31st August 1948 in which I indicated that the whole matter was under investigation.

(b) The Security arrangements have been tightened up.

(c) The stocks of arms in Armouries are very frequently checked and constant watch kept over any possible leakage. No special enquiry is therefore called for.

ARMS ACCOUNTS

**830. *Giani Gurmukh Singh Musafir:** (a) Will the Honourable Minister of Defence be pleased to state whether Arms accounts are kept on individual sheets and if so, are they not removable as they do not bear serial numbers?

(b) If so, do Government propose to introduce the continued ledger system as is the case in other Government departments?

**The Honourable Sardar Baldev Singh:** (a) Yes, Arms accounts are kept on individual sheets but they are serially numbered and the system is such that the removal of any sheet can be immediately detected.

(b) The card system of accounting is the most modern system and has been in use in various Government departments for a long time. There are enough safeguards to make the system practically fool-proof.

### TEMPORARY POSTS IN SECRETARIAT AND ATTACHED OFFICES

**831. *Giani Gurmukh Singh Musafir:** Will the Honourable Minister of Finance be pleased to state whether it is a fact that it has been decided to convert 50 per cent of the temporary posts in the Government of India Secretariat and its attached offices into permanent ones?

**The Honourable Shri K. C. Neogy:** It has been decided to convert into permanent posts a proportion, not excedeing 50 per cent., of the temporary posts considered by the Ministry of Finance as being capable of being made permanent.

### PRIVILEGE TICKET ORDER CONCESSION TO GOVERNMENT EMPLOYEES

**832. *Giani Gurmukh Singh Musafir:** (a) Will the Honourable Minister of Finance be pleased to state whether it is a fact that the concession of Privilege Ticket Order hitherto admissible to the Railway employees has been extended to all Civil Government servants?

(b) If so, what is the total amount of expenditure involved on the extension of Privilege Ticket Order concession?

**The Honourable Shri K. C. Neogy:** (a) and (b). The attention of the honourable member is invited to the reply given by the Honourable the Home Minister to parts (a) and (c) of the starred question No, 1193 by Shri V. C. Kesava Rao on the 5th of April, 1948.

### RECRUITMENT IN SECRETARIAT AFTER PARTITION

**833. *Giani Gurmukh Singh Musafir:** (a) Will the Honourable Minister of Home Affairs be pleased to state the total number of posts of the following categories which fell vacant in the Central Secretariat owing to the exodus of Officers to Pakistan (i) Under Secretaries; (ii) Assistant Secretaries; (iii) Superintendents; and (iv) Assistants in charge?

(b) What is the total number of posts of the categories mentioned above which were created after 15th August, 1947 and, those which were up-graded?

(c) What is the number in each class filled by—(i) appointment of refugee Government Servants; (ii) direct recruitment through Federal Public Service Commission; and (iii) promotion of subordinates in the Central Secretariat?

**The Honourable Sardar Vallabhbhai Patel:** (a) to (c). The information is being collected and will be laid on the table of the House when ready.

### WATER WORKS AND DRAINAGE SCHEMES FOR AJMER

**834. *Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Health be pleased to state whether it is a fact that the Government of India have received a proposal from the Municipal Committee Ajmer, to place the execution of Water Works and the Drainage Schemes and the Public Works Department connected with these under the Local Government and to constitute a Board to supervise it?

(b) If so, has any decision been taken thereon? If not, why not?

(c) When were the water works and drainage schemes for the city of Ajmer approved by the Government of India and what is the reason for the delay in the execution thereof?

(d) Are Government aware of the acute water scarcity at Ajmer, and what steps, if any, are Government taking to expedite the execution of the water and drainage schemes?

**The Honourable Rajkumari Amrit Kaur:** (a) and (b). No such proposal was received by the Government of India from the Municipal Committee, Ajmer, or from the Chief Commissioner.

(c) Administrative approval to the Water Supply scheme was given in January 1947. The delay in the execution of the water supply scheme is due to various causes such as difficulty in obtaining necessary materials and difficulties of transport. Administrative approval for the drainage scheme will be issued shortly.

(d) Government are aware of the acute water scarcity at Ajmer and all possible steps are being taken to expedite the execution of the water supply and drainage scheme.

## Refugee Police Officers

**835. *Shri Brajeshwar Prasad:** (a) Will the Honourable Minister of Home Affairs be pleased to state whether it is a fact that the police officers from Pakistan, who had opted for India, have been employed as temporary Government servants and that some of them have not been given the ranks which they held prior to partition?

(b) Is it a fact that the Government of India are going to confirm such officers in the ranks which they held at the time of partition?

**The Honourable Sardar Vallabhbhai Patel:** (a) Presumably the honourable member is referring to Police officers other than those of the Indian Police. If so, no option to serve in either dominion was given to those who were serving in undivided provinces which now form part of Pakistan. Like other refugee Government servants of those provinces, Police officers from these areas have been employed on a temporary basis under the Government of India including the Chief Commissioners' Provinces in vacancies which were available and for which they were considered suitable. It is a fact that some of them have been employed in lower ranks than those they held in their former province.

(b) The question of confirmation of refugee Government servants as a whole is under consideration.

## Enhanced Dearness Allowance to Pensioners of Posts and Telegraphs Department

**836. *Shri Yudhisthir Mishra:** (a) Will the Honourable Minister of Finance be pleased to state whether it is a fact that a number of petitions from pensioners of the Posts and Telegraphs Department have been addressed to Government for an adequate dearness allowance and if so, what action has been taken in that regard?

(b) Is it a fact that the Central Pay Commission has recommended grant of dearness allowance at enhanced rate to pensioners?

(c) If so, do Government, propose to consider these advisability of granting dearness allowance at enhanced rate to the pensioners?

**The Honourable Shri K. C. Neogy:** (a) A number of representations have been received from pensioners for the grant of dearness allowance and some of them are from pensioners of the Posts and Telegraphs Department. Government have decided not to increase the quantum of relief already admissible to these persons.

(b) Yes. Their recommendation related only to persons retiring after the 1st January, 1947.

(c) Government have decided not to accept the recommendation in this respect and do not propose to reopen the question now.

### DEARNESS ALLOWANCE TO CIVIL AND MILITARY PENSIONERS

**837. *Ch. Ranbir Singh:** (a) Will the Honourable Minister of Finance be pleased to state whether any relief has been given to the Government Civil and Military pensioners in the shape of dearness allowance etc.?

(b) If the answer to part (a) above be in the affirmative, is the rate of dearness allowance granted to the pensioners the same as given to Government servants?

(c) If not, do Government propose to bring it to the same level and if not, why not?

**The Honourable Shri K. C. Neogy:** (a) Yes. The relief is given to the shape of temporary additions to small pensions.

(b) The temporary additions are small compared with the rates of dearness allowance granted to serving personnel.

(c) No. The considerations on which dearness allowance has been sanctioned for the serving personnel do not exist in the case of pensioners.

### GRATUITY ETC. TO I. N. A. MEN

**838. *Ch. Ranbir Singh:** (a) Will the Honourable Minister of Defence be pleased to state whether it is a fact that Government have decided to give three months pay to all I. N. A. personnel who were previously in the Indian army?

(b) Is it also a fact that all ex-Indian Army personnel of the I. N. A. have been allowed the privileges of pensions, gratuity and war gratuity and if not, why not?

**The Honourable Sardar Baldev Singh:** (a) Yes, all ex-Indian Army personnel who had joined the I.N.A. and are now nationals of the Dominion of India or of any State which has acceded to India and who have not migrated to Pakistan are entitled to receive an amount equal to three months' pay and allowances of the substantive or war substantive rank held by them at the time of capture by the enemy, reduced by the amount of pay already drawn on account of release or notice leave, if any.

(b) Yes.

### DETENTION OF EX-RULER OF REWA STATE

**839. *Shri Damodar Swarup Seth:** Will the Honourable Minister of States be pleased to state:

(a) the rule or regulation under which the ex-Ruler of Rewa State is detained;

(b) the offence or offences for which he has been detained; and

(c) the allowance paid to him?

**The Honourable Sardar Vallabhbhai Patel:** (a) Under Regulation III of 1818.

(b) His activities were prejudicial to the relations between the Government of India and Rewa which is an acceding State.

(c) The ex-Maharaja is in receipt of a monthly allowance of Rs. 100 from the Government of India and Rs. 900 from his son, the present Maharaja of Rewa.

ARRANGEMENTS FOR DELHI MALE STUDENTS TO STUDY MEDICINE

**840. *Babu Ramnarayan Singh:** Will the Honourable Minister of Health be pleased to state whether Government have made any arrangements for male students of the University of Delhi to study medical science, and if so, what?

**The Honourable Rajkumari Amrit Kaur:** The Government of India have reserved three seats for Delhi students at the Glancy Medical College, Amritsar and admission of three refugee students now settled in Delhi has been arranged in the Medical College at Jaipur. The Government of India have addressed the Government of the United Provinces regarding the reservation of a certain number of seats at the Agra Medical College.

REGULATION OF STOCK EXCHANGE.

**841. *Shri Moturi Satyanarayana:** Will the Honourable Minister of Finance be pleased to state:

(a) whether there is any scheme for regulation of stock exchange under consideration of Government, and if so, when it is proposed to be brought before the Legislature; and

(b) whether Government are aware of the great depreciation in stock exchange in this country after August, 1946?

**The Honourable Shri K. C. Neogy:** (a) I would invite the honourable member's attention to the reply to Prof. K. T. Shah's question given on the 18th August, 1948.

(b) Yes, Sir.

AMENDMENTS OF BENARAS HINDU UNIVERSITY ACT, 1915 AND ALIGARH MUSLIM UNIVERSITY ACT, 1920

**842. *Shri Deshbandhu Gupta:** (a) Will the Honourable Minister of Education be pleased to state whether it is a fact that Government do not propose to proceed with the Bill further to amend the Benares Hindu University Act, 1915, and the Aligarh Muslim University Act, 1920, in the present Session?

(b) If so, what are the reasons for the same?

**The Honourable Maulana Abul Kalam Azad:** (a) and (b). Yes, it is a fact. Government had proposed to introduce in the present session a Bill to amend the Benares Hindu University Act, 1915, and the Aligarh Muslim University Act, 1920, but they have now decided to postpone it for some other suitable occasion. The reasons for the postponement are as follows:

Last year the Vice-Chancellor of the Benares Hindu University wrote to Secretary of the late Department of Education *vide* his letter dated the 15th June 1947, and said that he would like two amendments to be made in the Hindu University Act. The first amendment related to the name of the University. It was proposed that the word Hindu be dropped and the name of the University be in future only 'Benares University'. The second amendment related to Section 9 and it was proposed that sub-section 2 of this Section be deleted. According

to this sub-section, no non-Hindu can be a member of the Managing Bodies of the University. At that time, the question of constitutional changes was before the country and it was felt that the new government which would soon come into existence should deal with this proposal. The Department therefore thought that it was not the proper time to consider the proposed amendments and the Vice-Chancellor of the Benares Hindu University was informed accordingly.

When the National Government was formed on the 15th August last, Government considered the proposal and it was felt that as the proposal was in full agreement with the national educational policy, necessary amendments should be made in the Act. Government have no objection if an institution lays particular emphasis on a special branch of knowledge, but they do not consider it proper that an educational institution should be known by a communal designation.

During the last Budget session of the Constituent Assembly (Legislative), Government were glad to find that several sections of the House itself made a demand for dropping the communal qualification from the names of the Benaras and the Aligarh Universities. The Education Minister assured the House on that occasion that a Bill to that effect would very soon be introduced. When it was decided in June last that the next session of the House should commence from the 9th August, Government thought that the Bill might be introduced during the current session. Accordingly the Bill was drafted and the Vice-Chancellors of both the Universities were informed about it. The Vice-Chancellor of the Muslim University expressed the view that if no change was contemplated in the educational set-up of the University, he should have no objection to the proposed change in name. The Vice-Chancellor of the Hindu University in his letter, dated the 16th June 1948 also appeared to express somewhat similar views. In this letter he laid emphasis on the fact that under the University Act special arrangements had been made for education in Hindu religion and under a section of this Act, such education could be made compulsory for the Hindu students of the University. He enquired whether Government contemplated any change in such matters. In reply, Government assured the Vice-Chancellor that no changes were contemplated in matters referred to by him. The only change contemplated was in the name of the University and in sub-section 2 of Section 9. After this reply from Government it was thought that like the Muslim University, the Hindu University should have no objection to the proposed change in the name of the University.

But on the 9th August, the Vice-Chancellor of the Hindu University informed Government that the Council of the University considered the proposed change and did not agree to it. Further, he said, he himself was also in full agreement with the decision of his Council. The Pro-Vice-Chancellor of this University also wrote to Government expressing his disagreement with the proposed changes and requesting that the Court of the University might be given an opportunity to consider them. Government's policy in this respect is clear but as Government had no desire to rush this legislative measure they felt that if the Court of the Hindu University desired to consider the proposed amendments, such an opportunity should be provided to them. Government, therefore, thought it appropriate to postpone the introduction of the Bill during the current session.

## HOUSE BUILDING ADVANCES TO GOVERNMENT EMPLOYEES.

**843. *Shri Damoder Swarup Seth:** Will the Honourable Minister of Finance be pleased to state:

(a) whether it is a fact that House Building Advances used to be paid to Government employees in the past; and

(b) if the reply to part (a) above be in the affirmative, whether Government propose to reconsider the question of payment of such advances in future?

**The Honourable Shri K. C. Neogy:** (a) Yes, before 1937.

(b) Not immediately—at least not as long as the present acute shortage and high prices of building material and labour last.

FIXATION OF PAY OF RAILWAY AUDIT DEPARTMENT EMPLOYEES

**844. *Shri Damodar Swarup Seth:** Will the Honourable Minister of Finance be pleased to state:

(a) whether it is a fact that Government servants in the Railway Audit Department getting Rs. 100 and above in 1944, were debarred from electing the unified scales of pay introduced in 1944;

(b) whether Government are aware that as a result of the restriction imposed on staff as referred to in part (a) above, the employees who joined service as far back as 1931, have hardly gained anything in the 1947 scales as compared with those in the Unified Scales; and

(c) if the replies to parts (a) and (b) above be in the affirmative, what action is proposed to be taken by Government to set right the anomalies?

**The Honourable Shri K. C. Neogy:** (a) Yes.

(b) The rules regarding the fixation of pay in the new scales do not provide for uniform benefits in all cases. It is possible that some persons who entered service earlier gain less than those who entered service at a later stage.

(c) Government have considered such cases and have decided not to take any action thereon.

EFFECT OF PARTITION ON GOVERNMENT EMPLOYEES

**845. *Shri Damodar Swarup Seth:** Will the Honourable Minister of Home Affairs be pleased to state whether it is a fact that an undertaking was given to the Government employees of undivided India that the partition would not affect their future prospects?

**The Honourable Sardar Vallabhbhai Patel:** The only guarantee given was that the existing terms and conditions of service of Government servants would not be prejudiced by their exercising option provisionally for service in either Dominion.

DESPATCH OF ARMS, AMMUNITION AND SOLDIERS TO HYDERABAD BY NAWAB OF BHOPAL

**846. *Mr. T. J. M. Wilson:** Will the Honourable Minister of States be pleased to state:

(a) whether it is a fact that the Nawab of Bhopal has so far recruited, trained and sent about 1,00,000 armed soldiers to Hyderabad, besides lorry-loads of arms and ammunition;

(b) whether it is a fact that six lorry-loads of arms and ammunition coming from Bhopal and going to Hyderabad were intercepted at Deolali by the Indian Police sometime ago;

(c) whether it is a fact that the lorry drivers had with them certificates issued by a highly placed officer of Bhopal State to the effect that the lorries carried nothing objectionable; and

(d) what action, if any, have Government taken in regard to this matter?

**The Honourable Sardar Vallabhbhai Patel:** (a) to (c). Government have no information.

(d) Does not arise.

RUMOURS RE DEMONETIZATION OF RS. 100 NOTES.

**847. *Pandit Hirday Nath Kunzru:** (a) Will the Honourable Minister of Finance be pleased to state whether the attention of Government has been drawn to the press communique, issued by the Reserve Bank of India on the 20th August 1948, declaring that the rumours in Bombay regarding the intention of the Government of India to demonetize notes of the denomination of Rs. 100 were without foundation?

(b) Is it a fact that a similar notification was issued several months ago? If so, why was it considered necessary to issue such a notification?

**The Honourable Shri K. C. Neogy:** (a) Yes.

(b) Yes. It was necessary to issue another Press Note as baseless and malacious rumours were again being circulated by interested parties in Bombay regarding the demonetization of hundred rupee notes and these were giving rise to panic resulting in an increase in the price of gold and a rush for conversion of hundred rupee notes.

RECOMMENDATIONS OF ECONOMISTS RE ECONOMIC SITUATION

**848. Pandit Hirday Nath Kunzru:** Will the Honourable Minister of Finance be pleased to state whether the economists, invited by Government to consider the present economic situation, have made any recommendations to Government and if so, whether they will be placed before the House before action is taken on them?

**The Honourable Shri K. C. Neogy:** The recommendations made by the economists have already been circulated to the honourable members.

PRODUCTION AND PRICE OF OPIUM IN STATES AND PROVINCES

**849. *Shri Ram Sahai:** Will the Honourable Minister of Finance be pleased to state:

(a) the names of various States and Provinces where opium is produced and manufactured;

(b) the total area of land utilized for such cultivation in each Province and State;

(c) the price of opium in the Provinces and States;

(d) the reasons why the price in States is less than that prevailing in the Provinces; and

(e) whether Government have any scheme under consideration for fixing a uniform price both in the Provinces and States, so that smuggling may be stopped?

**The Honourable Shri K. C. Neogy:** (a) and (b). A statement is laid on the table of the House.

(c) The retail selling prices in the Provinces and States of opium for direct oral consumption vary greatly not only from Province to Province, and State to State, but also from district to district within the same Province or State. In provinces the retail prices range from Rs. 120 to Rs. 720 per seer, and in the States from Rs. 36 to Rs. 800 per seer.

(d) The selling prices are fixed by the Provinces and the States themselves. As the prices in the States are generally lower than those prevailing in the neighbouring Indian Provinces, the Government of India have always been trying to persuade the States to bring their prices at par with those in the contiguous Indian Provinces.

(e) Arrangements are well under way for the creation of an All-India Narcotics Board, on which the States as well as the Provinces will be represented. This Board will, *inter alia* be charged with the responsibility of formulating a co-ordinated policy, in the matter of prices of opium in the Provinces and the States.

*Statement*

*Showing the names of the Provinces and States where opium is produced and manufactured, and the total area of land utilized for cultivation.*

*Year 1946-47*

| Province or State where opium is produced as well as manufactured except where otherwise indicated | Area of land utilized for cultivation of poppy | Remarks |
|---|---|---|
| | Acres | |
| *Provinces.*— | | |
| 1. United Provinces | 22,500 | |
| 2. Himachal Pradesh | 4,602 | |
| *States.*— | | |
| 3. *Madhya Bharat Union:*— | | |
| Sitamau | 2,433 | These States only produce poppy but do not manufacture opium. |
| Jaora | 3,138.19 | |
| Ratlam | 1,645.22 | |
| Piploda | 300.88 | |
| Sailana | 449.66 | |
| Gwalior | 1,4054.56 | |
| Indore | 6,895.99 | |
| Dewas Junior | 658.76 | |
| Dewas Senior | 300 | |
| Total | 29,836·26 | |
| 4. *Rajasthan Union* :— | | |
| Pratapgarh | 2,460 | These States only produce poppy but do not manufacture opium. |
| Jhalawar | 4,140 | |
| Tonk | 1,445 | |
| Udaipur (Mewar) | 850·27 | |
| Banswara | 46 | |
| Kotah | 4,244·40 | |
| Total | 13,195·67 | |
| 5. Tehri Garhwal | 27 | |
| 6. Baroda | 1,020 | |
| 7. Jammu and Kashmir | 324 | |

NOTE.—The figures are for the year 1946-47—which are the latest available.

STIPENDS GRANTED TO INDIAN STUDENTS BY FOREIGN COUNTRIES

**850. *Shri Ram Sahai:** Will the Honourable Minister of Education be pleased to state the number and amount of stipends granted to Indian students by foreign countries, similar to those proposed to be awarded by the Government of India to students from abroad?

**The Honourable Maulana Abul Kalam Azad:** It is not possible to give the exact number and amount of stipends granted to Indian students by foreign countries as many of these awards are made to individuals directly or through Universities and private agencies.

At present under the exchange of students scheme with Iran, there are two Indian students whose entire expenses of studies are met by Teran University. The French Government have offered nine scholarships to Indian students since last year. The Netherlands Government have awarded through theU.N.E.S.C.O. a fellowship to an Indian Student tenable for a period of 9 months at a Dutch University. The State College of Washington has awarded two scholarships. The Colorado School of Mines, Golden, Colorado, U.S.A. have resumed from this year their annual offer of a scholarship of $475 per annum covering all tuition fees, to an Indian student recommended by the Ministry of Education. The U.N.E.S.C.O. has offered two fellowships for the study of Mathematical compting Machines in U.K. or U.S.A. The Fellowships cover all expenses including travel. The U. K. has awarded one scholarship of the value of £350 per annum to an Indian student: His Majesty's Government's scheme of award of 195 studentships in Languages and Culture to nationals of all countries has also been extended to India. Similarly Universities and Voluntary Organisations in Europe and America award scholarships to Indian students from time to time. The Government of India propose to award scholarships to students of certain Asiatic and African countries who are, however, not in a position to reciprocate.

REPORT IN *HITAVADA* RE CENTRAL PROVINCES ALUMINIUM PROJECT

**851. *Shri M. Tirumala Rao:** Will the Honourable Minister of Finance be pleased to state:

(a) whether the attention of Government has been drawn to a report published in the *Hitavada*, Nagpur, on 18th August 1948 of an interview with Sir J. C. Ghosh, Director-General of Industry and Supply, on the Central Provinces Aluminium Project;

(b) whether it is a fact that Sir J. C. Ghosh is a Director representing the Government of India both on the Aluminium Project of Central Provinces and the Industrial Finance Corporation sponsored by the Government of India;

(c) whether it is a fact that Sir J. C. Ghosh was deputed by the Industrial Finance Corporation to examine and report on the finances of the Aluminium Project; if not, in what capacity he proceeded to Nagpur; and

(d) whether Government approve of the interview in question as coming within the normal duties of a Government Director especially the report that he (Sir J. C. Ghosh) has recommended to the Industrial Finance Corporation for financial assistance to the extent of fifty lakhs?

**The Honourable Shri K. C. Neogy:** The question should have been addressed to the Honourable Minister of Industry and Supply. It has accordingly been transferred to the supplementary list of questions for 4th September, 1948, when the Honourable Minister of Industry and Supply will answer it.

CAPITAL OF CENTRAL PROVINCES ALUMINUM PROJECT

**852. *Shri M. Tirumala Rao:** Will the Honourable Minister of Finance be pleased to state:

(a) what the authorised capital of the Central Provinces Aluminium Project is;

(b) how much has been subscribed by the Government of the Central Provinces;

(c) how much has been subscribed by the public;

(d) whether the Government of India have promised to give any financial Assistance to the project?

**The Honourable Shri K. C. Neogy:** (a) The authorised capital of the Company is rupees four crores.

(b) C. P. Government have agreed to invest Rs. 1¼ crores and shares of the value of Rs. 5 lakhs will be allotted in consideration of the facilities given.

(c) The public have applied for shares of the value of Rs. 21 lakhs so far.

(d) No.

AUTHORISED CAPITAL OF CENTRAL PROVINCES NEPA MILLS

**853. *Shri M. Tirumala Rao:** (a) Will the Honourable Minister of Finance be pleased to state what is the authorised capital of the Central Provinces Nepa Mills?

(b) How much capital was subscribed by the Central Provinces Government or the Government of India?

(c) How much has been subscribed by the public?

**The Honourable Shri K. C. Neogy:** (a) The authorised capital of the company is Rs. 5 crores.

(b) The Government of India have not subscribed any capital. C.P. Government have agreed to take up shares of the value of Rs. 15 lakhs and to provide the balance of capital remaining unsubscribed by the public.

(c) Rs. 61,76,600.

REMOVAL OF BAN ON IMPORT OF MRITA SANJIBANI SURA IN DELHI

**854. *Babu Ramnarayan Singh:** Will the Honourable Minister of Health be pleased to state whether Government are aware that according to the Ayurvedic System of Medicine Mrita Sanjibani Sura has a great medical value and that its manufacture in or its import into the Province of Delhi has long been prohibited and if so, whether Government propose to consider the desirability of removing the ban?

**The Honourable Rajkumari Amrit Kaur:** Government are aware that Mrita Sanjibani Sura is regarded as a tonic of medical value in the Ayurvedic system of medicine. As it contains alcohol, its manufacture in or import into Delhi is subject to an excise permit issued under the provisions of the Punjab Excise Act, 1914, as extended to the Delhi Province. There is no ban on this preparation The point raised in the latter part of the question does not, therefore, arise.

EMBARGO ON EXPORT OF GOLD TO PAKISTAN

**855. *Shri H. V. Kamath:** Will the Honourable Minister of Finance be pleased to state:

(a) whether it is a fact that there is an embargo on the export of gold from India to Pakistan; and

(b) if so, whether Government are aware that passengers travelling from India to Pakistan carry considerable quantities of gold in the form of jewellery and similar other articles?

**The Honourable Shri K. C. Neogy:** (a) Yes, Sir.

(b) Government have no reason to believe that this is the case.

IMPENDING TEACHERS' STRIKE IN DELHI

**856. *Shri Lakshminarayan Sahu:** (a) Will the Honourable Minister of Education be pleased to state whether the news published in the *Hindustan Times*, of a resolution of a strike by the Delhi Provincial Teachers on the 1st August, 1948 is true or not?

(b) What are the grievances of the teachers which led to their passing a resolution for a strike?

(c) What action have Government taken in the matter?

**The Honourable Maulana Abul Kalam Azad:** (a) Yes. A copy of the resolution passed by the Delhi Provincial Teachers' Association on the 1st August, 1948 was submitted by them to the Government of India.

(b) The resolution passed by the Delhi Provincial Teachers' Association on 1st August, 1948 stressed the necessity of announcing Government's decision regarding the grades of pay and allowances of the Government Schools Teachers in the province of Delhi before 16th August, 1948.

(c) After careful consideration the Government of India have recently revised the scales of pay of different categories of the Staff of Government Schools, Delhi, and steps to apply these scales in all aided schools also will now be taken. A statement showing the revised scales of pay of different categories of the staff of Government Schools is placed on the table.

*Statement*

Showing scales of pay prescribed for different categories of staff in Government Schools, Delhi.

| Name of post | Existing Scale | Prescribed Scale | Remarks |
|---|---|---|---|
| 1. Principal of Higher Secondary Schools. | 200—10—400 | 350—25—500—30—590 | Same as notified in the Gazette of India, dated the 16th August 1947. |
| 2. Headmasters and Head Mistresses of High Schools. | 150—10—200—10—250 | (i) 200—10—300<br>(ii) 300—20—400.<br>(iii) 400—20—500. | Ditto. |
| 3. Headmasters and Head Mistresses of Vernacular and AV Middle Schools. | 80—4—100 —4—160 *plus* S. P. Rs. 20 (Men) and Rs. 100—5—140—5—160 *plus* S. P. Rs. 10 (Women) and Rs. 140—10—190. | 140—10—200—EB—10—300 (for more than six classes)<br>100—8—140—10—300. | Ditto. |
| 4. Teachers in High Schools with the qualifications M. A. B. T. or M. A. with 3 years experience in a College. | Various scales | 200—10—250—15—400. | |
| 5. Teachers in High Schools with the qualifications B. A. B. T. | Various Scales | 80—5—120—8—200—10—300 (with initial start of Rs. 120 p.m. for B. Ts. & L. Ts.) | |
| 6. Graduates with Junior Training qualifications viz. S. V., J.A.V., or J. V. | 45—2—65 | 80—5—120—200—10/2—220 | Same as notified in the Gazette of India, dated the 16th August 1947. |
| 7. Matric (J.A.V., Prabhakar, Shastri, Munshi Fazal and Adib Fazil.) | Various scales | 68—4—120—5—170. | |
| 8. S.V. (Matric or Middle) | Various scales | 68—4—120—5—170 | Same as notified in Gazette of India, dated the 16th August 1947 |
| 9. Arts and Handicrafts teachers, Smithy teachers and Carpentary teachers. | Various scales | 68—4—120—5—170 | |
| 10. Junior oriental teachers (vernacular non-matric teachers). | 20—1—25 | 50—2—60—3—90 | |
| 11. Untrained teachers | 20—1—25 | 35—1—40—2—60 | Same as notified in Gazette of India, dated the 16th August 1947. |
| 12. Laboratory Assistants | 20—1—35 | 35—1—50 | |
| 13. Matron in Government training School for Women. | Rs. 50 | 55—3—85—4—125—5—130 | |

| 1 | 2 | 3 | 4 |
|---|---|---|---|
| 14. Librarians | 60—4—100 | (i) 55—3—85—4—125—5—130<br>(ii) 68—4—120—5—170 | (i) If untrained.<br>(ii) If trained. |
| 15. Clerk | Various scales | 55—3—85—4—125—5—130 | Same as notified in the Gazette of India dated the 16th August 1947. |
| 16. Bus Drivers | Rs. 40 | Rs.60—5/2—75. | |
| 17. Peons, Sweepers, Chowkidars, Malis, Catter-Wom n, Waterman etc. | Rs. 13 | Rs. 30—½—35 | Same as notified in the Gazette of India, dated the 16th August 1947. |

*Statements*

Showing scales of pay prescribed for different categories of staff of the proposed training school for teachers

| Name of post | Prescribed Scale | Remarks |
|---|---|---|
| 1. Principal | Rs. 350—25—500—30—590. | |
| 2. Assistant Principal (M. A. 1st Class B. T.) | Rs. 250—15—400—20—500. | |
| 3. Instructors :— | | |
| (i) With the qualifications M. A. B. T. | (i) 200—10—250—15—400 | |
| (ii) B. A. B. Ts and B. A. L. Ts. with minimum start of Rs. 120 p.m. | (ii) 80—5—120—8—200—10—300. | |
| (iii) for others | (iii) 68—4—120—E.B.—5—170. | |
| 4. Clerks (Graduates) | 80—5—120—8—200—10/2—220. | |
| 5. Librarian or Junior Clerk Typist *cum* Librarian (under graduate). | 55—3—85—EB—4—125—5—130. | |
| 6. Compounder :— | | |
| (i) those who possess minimum qualifications of matriculation and/or have passed professional test prescribed or recognised by Government. | (i) 55—3—85—EB—4—125—5—130 | |
| (ii) For those who do not possess the above qualifications. | (ii) 40—1—50—2—60.<br>55—3—85—4—105 | (Selection grade). |
| 7. Cooks | Rs. 30—½—35 | |
| 8. Inferior Staff | Rs. 30—½—35 | The pay of Establishment met from contingent grant may be regulated under general orders of the Government of India on the subject. |

NON-RECOGNITION OF COMMUNAL ORGANISATIONS

†857. *Shri Biswanath Das: Will the Honourable Minister of Home Affairs be pleased to state:

(a) whether Government have given effect to the Resolution of this House not to give recognition to organisations and activities of a communal character;

(b) whether the decision of Government referred to in part (a) above has been communicated to all Ministries of the Government of India and the Provinces; and

(c) whether Government propose to call for a report showing how far the same has been put into operation in their own Ministries?

ACTION AGAINST *MAYA* FOR PUBLICATION OF AN ARTICLE "SARDARJI"

858. *Sardar Hukam Singh: (a) Will the Honourable Minister of Home Affairs be pleased to state whether Government have received a protest telegram from S. G. P. C. Amritsar against a highly provocative and mischievous article under the head-line "Sardarji" published in the Hindi monthly magazine "Maya" in its July 1948 issue?

(b) If so, has any action been taken against the said magazine?

(c) If not, do Government propose to take any action now?

The Honourable Sardar Vallabhbhai Patel: (a) Yes.

(b) and (c). The Government of the United Provinces have taken appropriate action under the Law.

ELECTRICITY AND POLICE POST FOR GANDHI NAGAR

858-A. *Shri M. Ananthasayanam Ayyangar: (a) Will the Honourable Minister of Health be pleased to state whether Government are aware that the population of Gandhi Nagar, outside Jumna Bridge, Delhi has grown to several thousands recently?

(b) Are Government aware that there are no lighting arrangements on the main road of the colony although there is electric supply upto Jamuna Bridge which is less than two furlongs from this place?

(c) Are Government aware that there is no police post in the colony and there is a constant danger for the life and security of the inhabitants?

(d) If the answers of parts (b) and (c) above, be in the affirmative, do Government propose to take steps to municipalise the colony and make proper arrangements for the lighting of the streets and for the safety of the people?

The Honourable Rajkumari Amrit Kaur: (a) Yes.

(b) Yes.

(c) There is no police post but Government do not apprehend any danger to the life and security of the inhabitants. The incidence of crime in the area is very low

(d) The question of including this colony in the limits of the Municipal Committee, Shahdara, will be considered and arrangements for lighting of streets will be made when electric supply becomes available. As regards the safety of the people, the Shahdara Police Station which is only about two miles from the colony can serve the requirements of this area.

†For Answer to this question, *see* answer to Question No. 787.

BAN AGAINST CONSTRUCTION IN GANDHI NAGAR

**858-B. *Shri M. Ananthasayanam Ayyangar:** (a) Will the Honourable Minister of Health be pleased to state whether Government have considered the desirability of encouraging construction in Gandhi Nagar which is so near Delhi, with a view to easing the congestion in the capital?

(b) If the answer to part (a) above be in the affirmative, what steps do Government propose to take in this connection?

(c) Are Government aware that last year, due to floods, the road connecting Gandhi Nagar with the Jamuna Bridge was breached at several points and that repair of this road has not yet been completed?

(d) If the answer to part (c) above be in the affirmative, do Government propose to expedite the completion of repairs as already a year has elapsed since the area was flooded?

(e) What steps do Government propose to take to avoid the recurrence of such floods?

(f) What is the place of Gandhi Nagar in the various schemes for the development of Delhi, prepared by Government?

(g) Do Government propose to remove the ban, if there is any in existence today, on the construction of residential or business premises in the colony?

**The Honourable Rajkumari Amrit Kaur:** (a) and (b). It is considered inadvisable at present to allow constructions in this area within 440 yards of each side of the centre of Jhil Khuranja Road as floods water usually collects there every year due to the low level of the land. Applications for new constructions are being rejected at present on grounds of insanitation as no regular drainage scheme is in existence in that area. The Delhi Improvement Trust has, however, under consideration a scheme for the improvement of this area.

(c) and (d). Yes. Steps are being taken to complete the repairs.

(e) Breaches in roads due to high river floods cannot always be avoided. However, an irrigation bund is already there and Government have taken every precaution to avoid the recurrence of floods in this area.

(f) The question of framing a town expansion scheme for this area is under the consideration of the Delhi Improvement Trust.

(g) As stated earlier, the existing restrictions on construction are only within a distance of 440 yards on each side of Jhil Khuranja Road and it would not be desirable to remove them till the area is municipalised.

WASTAGE OF DOLLAR EXCHANGE BY MR. BIMAL P. JAIN'S ON PLEASURE TRIP FROM CHICAGO TO SAN FRANCISCO

**858-C. *Seth Govind Das:** (a) Will the Honourable Minister of Finance be pleased to state whether the attention of Government has been drawn to the report that one Mr. Bimal P. Jain, a merchant of Calcutta, had a 520-dollar taxi pleasure trip over a distance of 2,000 miles from Chicago to San Francisco?

(b) If so, what steps are being taken to stop such wastage of our dollar exchange in foreign countries?

**The Honourable Shri K. C. Neogy:** (a) Yes, Sir. But from enquiries made from Mr. Jain by the Reserve Bank, it appears that $500 was the total amount spent by Mr. Jain on a 3,200 mile business trip by a hired car from Chicago to San Francisco. The amount covered board, lodging and expenses of guide. A motor car was used because it was the cheapest form of transport for the purpose of visiting the collieries, factories and other concerns for which Mr. Jain had gone to the U.S.A.

(b) The Government are satisfied that the present exchange regulations for foreign travel are strict enough to prevent any wastage of dollar exchange.

## SHORT NOTICE QUESTIONS AND ANSWERS.

### ASSAM ORDINANCE FOR ACQUISITION AND REQUISITION OF VEHICLES.

**Srijut Rohini Kumar Chaudhuri:** (a) Will the Honourable Minister of Home Affairs be pleased to state whether it is a fact that in accordance with instructions issued by the Governor General of India under sub-section 1 of section 88, Chapter 2 of the Government of India Act, 1935, the Governor of Assam has issued an ordinance *viz.*, Assam Ordinance No. 1 of 1948, to provide for acquisition and requisition of vehicles?

(b) Have the said instructions been issued in accordance with the advice of the Ministry and if so, what are the circumstances which rendered necessary to issue the instructions aforesaid?

(c) Is it a fact that some communists driven from Burma have already infiltrated into some parts of Assam, particularly in Manipur?

(d) Has issue of these instructions been rendered necessary by the condition of war prevailing in Kashmir and Hyderabad or the alleged apprehension of invasion of Manipur State by Communists from Burma?

**The Honourable Sardar Vallabhbhai Patel:** (a) and (b). The position as stated by the honourable member is not correct. It was the Government of Assam who submitted the Ordinance in question for the approval of the Governor General under section 88 of the Government of India Act because some of its provisions were repugnant to the provisions of the Motor Vehicles Act 1939, a Central enactment. This approval was accorded.

(c) Government have no information.

(d) The honourable member might refer to his own Government on this point.

**Srijut Rohini Kumar Chaudhuri:** Is the Honourable Minister aware that the vehicles in this Ordinance have been defined as any vehicle which is driven either by bullocks or by hand or even by oars? In that case, how is it that this has only to do with the Motor Vehicles Act?

**The Honourable Sardar Vallabhbhai Patel:** I have no information. If the honourable member likes I will enquire into it and let him know. Probably this information is available with his own provincial Government.

**Mr. Speaker:** It appears to me that the honourable member has not followed the reply given by the Honourable the Home Minister. His reply was that, as some of the provisions of this Ordinance were likely to interfere with the provisions of the Motor Vehicles Act, therefore, the sanction of the Governor General was necessary. It was not that everything came within the purview of the Central Government; but some of the provisions did and so the sanction was asked for.

**The Honourable Sardar Vallabhbhai Patel:** The assumption was that instructions were given from the Central Government for the issue of this Ordinance, which is wrong.

**Srijut Rohini Kumar Chaudhuri:** The Ordinance lays down in its preamble that whereas instructions have been received from the Governor General. This means that the origin of the Ordinance is due to the instructions of the Governor General.

**Mr. Speaker:** The reply now clarifies what those instructions mean.

**Srijut Rohini Kumar Chaudhuri:** Is it a fact that the Governor of Assam has in the last week paid a flying visit to Manipur on account of a certain emergency having arisen there?

**The Honourable Sardar Vallabhbhai Patel:** It has nothing to do with the Manipur business. We have invited him for other business. He is here today. He may have gone to Manipur. I am not aware of that.

**Srijut Rohini Kumar Chaudhuri:** And in connection with this affair.

**The Honourable Sardar Vallabhbhai Patel:** I have no information about this visit to Manipur.

**Shri H. V. Kamath:** In view of the somewhat chaotic conditions prevailing in Burma today, what measures have been taken by Government on the Indo-Burma border to prevent the infiltration of Communists and other undesirable into India?

**The Honourable Sardar Vallabhbhai Patel:** I do not know if this question would arise.

**Mr. Speaker:** It does not arise.

CARE-TAKER GOVERNMENT FOR PATIALA AND EAST PUNJAB STATES UNION

**Sardar Hukam Singh:** (a) Will the Honourable Minister of States be pleased to state why a Care-taker Government has been constituted in the Patiala and East Punjab States Union instead of a popular Ministry being formed as in other Unions?

(b) Is it a fact that the Prime Minister, just nominated, is the uncle of the Rajpramukh?

(c) Is it proposed to allow this Care-taker Government to run the administration and to hold the next elections under its supervision and control?

**The Honourable Sardar Vallabhbhai Patel:** (a) The reasons why it was found necessary to set up a Care-taker Government in the Patiala and East Punjab States Union have been stated in the communique issued by the Rajpramukh on the 21st August, 1948. Such a Government had to be formed because, in spite of the repeated efforts of the States Ministry and the Rajpramukh it had not been found possible to bring about an agreement amongst the main political parties in the Union, on the basis of which a popular interim Ministry would be installed. Having regard to the strategic importance of this region and the special requirements of the Union, it did not seem to be in the interest of the administration to have a Government which represented only one party and which did not command sufficient popular support.

(b) No.

(c) It is the earnest desire of the Government of India to see a popular interim Ministry functioning in the Union and it will be their endeavour to replace the present Care-taker Government by a popular Ministry as soon as possible.

**Sardar Hukam Singh:** Is it a fact that the Rajpramukh identified himself with one of the political parties in the Union?

**The Honourable Sardar Vallabhbhai Patel:** No, Sir.

**Sardar Hukam Singh:** Is it a fact that all the political parties in the Patiala and East Punjab States Union agreed to abide by the decision of the States Ministry for the formation of a popular ministry?

**The Honourable Sardar Vallabhbhai Patel:** These parties arrived at a preliminary agreement, one of the terms of the agreement being that the Prime Minister was to be appointed or selected by the States Minister. Subsequently one of the parties who were signatories to the agreement claimed that the Prime Minister to be selected by the States Minister was to be selected from their party. We could not agree to that claim and therefore the agreement could not be put into effect.

**Sardar Hukam Singh:** If one party backed out, why were not the other two parties asked to form a ministry, if they were ready to form the ministry?

**The Honourable Sardar Vallabhbhai Patel:** The answer is obvious. In that area which is of strategic importance and which is a disturbed area we did not want to give the Prime Ministership to a party or to form a ministry which was not acceptable to all the parties. We still hope that the parties will come to an agreement, if no body takes sides. It is our earnest desire to help them to come to an agreement. The care-taker government that has been formed was formed with a view to bring about an agreement between the three parties. If they fail, then the elections will be held as soon as possible and whoever has the majority will form the Government.

**Sardar Hukam Singh:** When Government could not form a popular ministry unless all the three parties agreed to it, do the Government consider that the present administration consisting of the Rajpramukh and the Prime Minister will ever be helpful in the formation of a popular ministry, when they know they would continue unless all the parties agreed?

**The Honourable Sardar Vallabhbhai Patel:** There are two other ministers and both of them have been appointed by the States Ministry. One of them is a senior I.C.S. man and the other is also an able officer. The States Ministry also keeps a continuous watch on the working of this ministry in order that they can bring about a united popular ministry.

**Shri Gopikrishna Vijayavargiya:** In view of the fact that one of the parties was of very recent origin does the States Ministry discriminate between parties and try to find whether any mushroom parties are being started by interested parties?

**The Honourable Sardar Vallabhbhai Patel:** The honourable member can trust the States Ministry to have some commonsense. If there are mushroom parties no consideration will be given to them.

**Dr. B. Pattabhi Sitaramayya:** Is it not a fact that the Lok Seva Sabha was organised on the 22nd of February and came to function from March last and that is the King's Party or the Rajpramukh's party?

**The Honourable Sardar Vallabhbhai Patel:** The question is not as to when the party was formed but the point is whether the party commands the confidence of a large majority of the people. If parties make a claim to represent certain groups of public opinion and the claim has substance, we cannot ignore any of them.

**Dr. B. Pattabhi Sitaramayya:** Is it not a fact that the Chief Minister that has been appointed, Sardar Gyan Singh, is an uncle of the Maharaja of Patiala who is the Rajpramukh of the Union and he was the person on whose appointment as Chief Minister the Maharaja has been insisting from the very commencement of the negotiations?

**The Honourable Sardar Vallabhbhai Patel:** It is true that the Prime Minister who has been appointed is a relation of His Highness the Maharaja of Patiala. So far as I am aware he is not the real uncle of the Maharaja but he is a relation. He has been an officer commanding the confidence of a large majority of the people in the State and has been there for the last twenty years or more.

**Shri Khurshed Lal:** May I know if at any time it was agreed that the Prime Minister of this Union will belong to a particular community and if so, was the States Ministry a party to it?

**The Honourable Sardar Vallabhbhai Patel:** No, Sir.

**Shri K. Hanumanthaiya:** May I know if the Rajpramukh of the Union agreed to be a constitutional ruler?

**The Honourable Sardar Vallabhbhai Patel:** Of course.

**Shri K. Hanumanthaiya:** If so, can he take part in the formation of parties?

**The Honourable Sardar Vallabhbhai Patel:** He takes no part in the formation of parties.

**Sardar Bhopinder Singh Man:** What are the names of those parties whose co-operation was sought in the formation of a ministry?

**The Honourable Sardar Vallabhbhai Patel:** One is the Praja Mandal, another is the Akali Dal and the third is the Lok Sevak Sabha.

SALE OF MACHINERY TO TEXTILE MANUFACTURING CORPORATION

**Prof. K. T. Shah:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether Government are aware of the alleged newspaper report about the disposal of a large number of machines to the Textile Manufacturing Corporation Limited, Calcutta, as scrap which Government had originally imported from America under the Lease Lend Scheme, and of which more than half were not found in the factory when some members of the Disposals Utilisation Committee visited the factory in search of these machines?

(b) What was the cost of these machines in the first place, or their market price at the time of purchase, and the amount realised on their sale to the Textile Manufacturing Corporation Limited, Calcutta, as scrap?

(c) When was the deal made?

(d) What safeguards Government propose to provide in future in connection with the disposal of the "Surplus Stores"?

**The Honourable Dr. Syama Prasad Mookerjee:** (a) Yes, the attention of Government has been drawn to such a report in a newspaper.

I am not aware of the existence of any firm called the Textile Manufacturing Corporation Ltd. I presume the Textile Machinery Corporation Ltd. is meant.

The report published in the newspaper is false in some respects, in other respects there has been a misrepresentation of the report of the Disposals Utilisation Committee.

No machinery have been sold to the Textile Machinery Corporation Ltd. either as scrap or otherwise. In 1943 under the terms of a special agreement between the Government of India and the Textile Machinery Corporation, about 140 machine tools and other accessories, belonging to Government and valued at about Rupees twenty-six lakhs, were put into the factory of the Corporation, which was requisitioned by Government and converted into a Civil Aircraft Maintenance Unit. This Unit was closed down in September 1945; the machine tools and accessories remained in the factory under the custodial charge of the Corporation pending a decision as to their disposal or utilisation for Government purposes.

Under the terms of the agreement between Government and the Corporation, if Government finally decide to sell the machine tools, the Corporation has the option of first refusal at prices to be fixed by Government. The Corporation is apparently anxious to purchase the equipment for the manufacture of Textiles Machinery. On the other hand Government have under active consideration the utilisation of surplus machine tools and accessories belonging to Government for establishing a factory for the manufacture of machine tools. It is not a fact that half the machine tools are missing from the factory. When the Disposals Utilisation Committee visited the factory, they could not locate all the machine tools belonging to Government, because as stated in the Report itself, the Chief Officer of the Corporation, who knew about the machine tools, was away. At the suggestion of the Chairman of the Disposals Utilisation

Committee a further investigation was made shortly afterwards. As a result of this investigation all the machine tools and accessories have been located in the Factory except for about twenty machine tools and some accessories valued at about Rs. 1,75,000. The Corporation has been asked to account for these, and the matter is under investigation.

(b) I have already stated the original value of machine tools and accessories which was about Rs. 26,00,000. There has been no sale.

(c) Does not arise.

(d) Does not really arise; but I may state for the information of the honourable member that when surplus stores are now sold to private parties, the method of sale is by "advertised tender" or auction, and no sale by negotiation is permitted except for very special reasons and with the prior approval of Government in each case.

**Prof. K. T. Shah:** Will the Honourable Minister please say whether any of these machines are at present, or after the Report of the Disposals Utilisation Committee, used by any other Corporation or Company; and if so how many and on what terms?

**The Honourable Dr. Syama Prasad Mookerjee:** These machine tools could not obviously be used by any other Corporation, but some of them were requisitioned for government purposes. Some were sent to the Hindustan Aircraft Limited—a Government organisation—at Bangalore; some were requisitioned by the Defence Ministry; the rest are with the Company under the circumstances which I have explained.

**Prof. K. T. Shah:** Will the Honourable Minister please tell the House whether any of the machines are used by Birla Jute Mills, Calcutta?

**The Honourable Dr. Syama Prasad Mookerjee:** I have just now explained that these machine tools are with the TEXMACO. But if the honourable member suggests that those machine tools which are missing are being utilised in some other factory, as I have said, this matter is under investigation, and I cannot answer that question.

But I can say for the information of the honourable member that the Editor of this newspaper saw me this morning and apologized to me for the statement he published which, he admits, was entirely inaccurate and without any substance.

**Shri T. T. Krishnamachari:** May I know what were the conditions under which in 1945 this machinery was left in charge of TEXMACO on a care and maintenance basis?

**The Honourable Dr. Syama Prasad Mookerjee:** In fact Government has not decided whether it will be allowed to be used by them. The position is this. The question of having a machine tools factory entirely under government management has been taken into consideration. As a result of the investigations made by the Disposals Enquiry Committee it appears that more than seventy-five per cent. of the machine tools which are necessary for a machine tools factory are available here. We have requisitioned the services of an expert from Czechoslovakia who arrived here last week. We expect to get the report within a fortnight or so, and on receipt of the report we shall decide whether we are going to have a factory of our own. Until these machine tools can be utilised for such purpose the Committee itself recommended that the Company should be allowed to use them for the purpose for which they are being used now, namely, manufacture of textile machinery.

**Shri T. T. Krishnamachari:** I am afraid the Honourable Minister has not caught my question. I asked what were the conditions under which this machinery was entrusted to this Company on a care and maintenance basis. Were they responsible for it if there was a loss; could they use it or sell it; what about the depreciation if the machinery was used?

**The Honourable Dr. Syama Prasad Mookerjee:** They could not possibly sell them. They are in custodial charge of the company; and if they are to be taken over by Government, the latter may do so. If they are to be sold, the first refusal will be given to them at prices to be fixed by Government. But if the honourable member wants to know whether meanwhile they are to pay any rent or any other charges to Government or not, that matter is under investigation. In fact it has been suggested that they should pay something to Government—some amount which may be fixed by Government—for any use they may make of the machine tools for themselves.

**Shri T. T. Krishnamachari:** May I ask who this TEXMACO are? Who are the proprietors of the concern?

**The Honourable Dr. Syama Prasad Mookerjee:** I suppose this is a Corporation. As to who exactly the proprietors are I am not in a position to say.

**Prof K. T. Shah:** When Government make up their mind as regards the final disposal of these machine tools will they consider the advisability of public advertisement of these machines?

**The Honourable Dr. Syama Prasad Mookerjee:** As I have said just now, the machine tools can either be used for Government purposes, or, if they are to be sold, the first option is to be given to TEXMACO. So I really do not understand how the question of calling for tenders can be considered.

**Shri H. V. Kamath:** What is the name of the newspaper to which the Honourable Minister referred? Is it to be kept a secret or can it be disclosed?

**Mr. Speaker:** I do not think it need be disclosed.

**Shri H. V. Kamath:** How much time elapsed between the visit of this Disposals Utilisation Committee to the TEXMACO factory and the subsequent investigation when all the tools were traced?

**The Honourable Dr. Syama Prasad Mookerjee:** Only a few days.

**Babu Ramnarayan Singh:** What are the special reasons referred to by the Honourable Minister just now as to when negotiations can be resorted to for the sale of the excess machine tools?

**The Honourable Dr. Syama Prasad Mookerjee:** As I have already explained, the Company wants that Government should sell these machine tools to this Company because it is manufacturing textile machinery. But before Government decide that question Government would like to be satisfied whether they cannot be utilised for purposes of the Government, namely the establishment of a machine tool factory.

**Shri Prabhu Dayal Himatsingka:** Is it not a fact that there is a formal agreement between the Government of India and the Textile Machinery Corporation Limited covering all the terms between the Government and the Textile Machinery Corporation?

**The Honourable Dr. Syama Prasad Mookerjee:** Obviously all the terms are covered.

श्री राम सहाय : क्या गवर्नमेंट यह बताने की कृपा करेगी कि टैक्समैको क्या बिरला कनसर्न (Concern) नहीं है ।

**Shri Ram Sahai:** Will the Honourable Minister please state whether or not the TEXMACO is a Birla concern?

**The Honourable Dr. Syama Prasad Mookerjee:** Birlas might have some share in it. But I am not in a position to say as to who are controlling the shares in that Company.

**Dr. B. Pattabhi Sitaramayya:** If I have properly understood the Honourable Minister, to have said that the missing materials are valued at Rs. 1,75,000, may I know on what basis those missing materials have been so valued?

**The Honourable Dr. Syama Prasad Mookerjee:** The basis I believe was the original prices at which they were purchased. We have the basis included in documents which are accepted both by Government and by the Company. In fact I can tell the honourable member that Government had made similar contracts with about seventeen big organisations and factories in India in 1943 during the period of the war.

**Seth Govind Das:** In case the party to which the first refusal is given for the purchase of the tools do not purchase them, what method would be followed by the Government to dispose of this material? Will it by public auction or by inviting tenders?

**The Honourable Dr. Syama Prasad Mookerjee:** I have every hope that we shall be able to utilise them in constructing our own machine tool factory.

**Shri M. Ananthasayanam Ayyangar:** May I ask the Honourable Minister if, in order to avoid further misunderstanding, he would kindly place a copy of the agreement on the table of the House so that for future also if there is an option in favour of TEXMACO all such suspicion might be avoided?

**The Honourable Dr. Syama Prasad Mookerjee:** I shall be very glad to place a copy of the 1943 agreement on the table of the House.

**Shri Ajit Prasad Jain:** The Honourable Minister stated that when the Disposal Investigation Committee went to the factory, the officer-in-charge was absent. D'd he or did he not know whether the Committee was reaching the Corporation on that day, and why was he absent?

**The Honourable Dr. Syama Prasad Mookerjee:** I cannot tell the reasons why he was absent, but the members of the Committee were there only for a few hours and it was quite possible that he was away at the time

**Shri Ajit Prasad Jain:** May I know what would be the basis for fixing the prices at which first option will be given to the Corporation?

**The Honourable Dr. Syama Prasad Mookerjee:** That will be settled later on if we are going to sell to that company.

**Mr. R. K. Sidhva:** What would be the depreciation of the tools at the time of sale?

**The Honourable Dr. Syama Prasad Mookerjee:** We shall certainly take all those factors into consideration.

**Mr. R. K. Sidhva:** But if it is not sold to this company, may I know how the depreciation . . . . . .

**Mr. Speaker:** That will be hypothetical at this stage.

**Shri Mahavir Tyagi:** In view of the fact that these machine tools are not available in India, will the Government make any attempts to recover those tools and not take only their price as the Honourable Minister has mentioned?

**The Honourable Dr. Syama Prasad Mookerjee:** Well, if those machine-tools are not to be found from the stores, I do not know from which other place we can recover them. But I can say this for the information of the House that these tools are also essential for developing the factory for manufacturing textile machinery, and that for that purpose they are being employed now.

**Shri Mahavir Tyagi:** Why did the Government not start criminal proceedings against those who may be responsible for the safety of those machine tools?

**Mr. Speaker:** I think we are going beyond the scope of the question. We have taken nearly fifteen minutes on this question and I do not propose to allow any more questions.

# THE
# CONSTITUENT ASSEMBLY OF INDIA
# (LEGISLATIVE) DEBATES

(PART II—PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

## Official Repotr

Volume VII, 1948

*(1st September to 7th September, 1948)*

## THIRD SESSION
OF THE
## CONSTITUENT ASSEMBLY OF INDIA
## (LEGISLATIVE)
## 1948

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# CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

[PART II PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS.]

*Friday, 3rd September, 1948.*

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

## QUESTIONS AND ANSWERS

(*See* Part I).

**11.30 A.M.**

## MOTION FOR ADJOURNMENT

**Mr. Speaker:** I have received notice of an adjournment motion from Shri Deshbandhu Gupta. Is the honourable member moving it?

**Shri Deshbandhu Gupta** (Delhi): No., Sir. As the Honourable the Home Minister is willing to make a statement tomorrow in reply to a short notice question I do not propose to move it.

## ELECTION OF DEPUTY SPEAKER

**Mr. Speaker:** The next item on the agenda is the election of the Deputy Speaker.

In accordance with the provisions of sub-rule (3) of Rule 8 of the Constituent Assembly (Legislative) Rules of Procedure and Conduct of Business, I have to announce to the honourable members that nomination paper duly filled in has been received on behalf of Shri M. Ananthasayanam Ayyangar for the office of Deputy Speaker. The names of the proposer and the seconder are as follows:

*Proposer*—Shri Satyanarayan Sinha.

*Seconder*—Shri T. T. Krishnamachari.

As no nomination paper has been received on behalf of any other member I declare Shri M. Ananthasayanam Ayyangar duly elected.

I take this opportunity of congratulating the House as also Mr. Ayyangar on his election as Deputy Speaker. While I convey to Mr. Ayyangar my felicitations, I think he will permit me to share them for my good luck in having a colleague like him. Mr. Ayyangar is perhaps known more closely to many honourable members of this House than I myself can claim. I first came in contact with him in January 1946, when I was elected President of the late Central Legislative Assembly. Ever since that time, I have felt closer and closer to him, and I have had more and more regard for his abilities, studious habits, judicial temperament and, above all, his moderation combined with firmness. He has been imbued with a spirit of Congress principles and has suffered for the achievement of Congress ideals. His services to the country cover a wide field. Besides being an office-bearer in various Congress organisations, he has served as a lawyer, as a legislator, as a *satyagrahi*, and—many may perhaps not know,—as a journalist also. I am happy that the Assembly has elected him as Deputy Speaker and given me a colleague who will always be available to me for consultation and advice, in my task as Speaker of the Assembly.

**The Honourable Pandit Jawaharlal Nehru** (Prime Minister and Leader of the House): Sir, I may be permitted to add a few words to what you have

[Pandit Jawaharlal Nehru]

said in regard to the election of our friend and colleague Mr. Ayyangar to the Deputy Speakership. All those who are members of this House—and I hope most people outside—realise the extreme importance of the Speaker of this House. He is the repository of the wisdom and the dignity of this House. It is exceedingly important that the Speaker should fulfil those qualifications and should guard not only the freedom of this House but all the other qualities that this House as a corporate entity possesses as representing the people of India. A great deal of the success of this House has been due to the way in which you, Sir, occupied the Chair and conducted the proceedings. It is now right and fitting that the House should elect a Deputy Speaker who will fill in a worthy manner that place when you happen to be absent and should carry on that great tradition which we have been fortunate in inheriting from you. It is rather difficult perhaps to talk in terms of comparisons, but I think I am right in saying that none of us can bring that knowledge of parliamentary procedure, that—as you said—combination of firmness and moderation, as our colleague Mr. Ayyangar can. I may say that from the point of view of electing him to this high office none of us had any doubts. But a certain doubt did creep into our minds as to whether this election might put some kind of a barrier between him and us. That doubt arose because he has become such a pillar of strength to us in our debates and in the work of this House that many of us hesitated slightly before we took the final decision. But two facts weighed with us. One was the obviousness of the choice. It immediately came to mind that this is an obvious choice for this high office; and the second was that it is after all no barrier to the close association which members of this House are going to have with him, quite apart from his functioning as Deputy Speaker, even in the debates and other activities of this House. Therefore that slight hesitation that weighed in our mind was removed, and we welcome him with great satisfaction and pleasure.

**Shri M. Ananthasayanam Ayyangar** (Madras: General): Sir, I am extremely thankful to you and the Prime Minister for having spoken such kind words about me. In 1925 when I was chosen as a member of the Legislative Assembly representing the Congress in five districts, I was considered to be a dark horse. Everybody said in my constituency that they had not known me and it was the strength of the Congress that pushed me through. Even now I may be a dark horse to many. Whatever words you have spoken and whatever words have come from the mouth of the Honourable the Prime Minister I have to justify in the future. I may still be a dark horse for both of you and others. I assure you, Sir, that I shall do my best to keep up the traditions of this House.

I have always been outside this House. I was trained to talk and talk and do nothing else. Inside this House I continued that tradition. Then I was in the last bench on your left and progressively by talking more and more I came to the first bench. Today, Sir, and hereafter, I have to learn another virtue—the virtue of silence. Hitherto I thought that speech alone was effective, but after I saw you—I have seen you for the past two years—I have learnt that looks and the facial expression are more effective. Sir, I may be quite all right and equal to the occasion, but I shall make every sincere effort to put a seal on my lips except when I may have something to say on points of order and calling out to members, Order, order! I shall try to deserve the confidence you have reposed in me. I am glad to learn that all my friends are willing to put me there but I assure you, Sir, that I value this very much more than any other office which is the gift of others. I thank you once again.

## REQUEST FOR ALLOTMENT OF TIME FOR DEBATE ON HYDERABAD AND KASHMIR

**Shri H. V. Kamath** (C. P. and Berar: General): Before we proceed to the other business, may I remind the Honourable the Leader of the House about the hope that he expressed on Tuesday last. I am reading from the statement that he made.

**Mr. Speaker:** He may raise those points afterwards.

**Shri H. V. Kamath:** To-morrow being the last day. . . .

**Mr. Speaker:** He may put his points after the formal business is put through and the resolution is taken up.

But I may mention one thing for the information of honourable members, namely, that in case they want to raise any point, it is desirable that they should contact the Speaker in his Chamber before the House commences its business, apprise him of the point they want to raise and then, of course, they should ask for permission.

**Shri H. V. Kamath:** Very well, Sir.

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## COMMITTEE TO EXAMINE RULES OF PROCEDURE AND CONDUCT OF BUSINESS OF THE HOUSE

**Mr. Speaker:** As stated in the House by me on the 31st August, 1948, when the Rules for regulating the procedure and the conduct of business were adopted by this House, I appoint a Committee under my Chairmanship consisting of the following:

(1) The Honourable Minister of Law.
(2) The Deputy Speaker.
(3) Shri K. Santhanam.
(4) Shri Khandubhai K. Desai.
(5) Shri Satyanarayan Sinha.
(6) Dr. P. S. Deshmukh.
(7) Mr. Naziruddin Ahmad.
(8) Shrimati G. Durgabai.
(9) Shri Ajit Prasad Jain.

The Committee will examine the rules as adopted and will suggest, for consideration of the House, such amendments as it thinks proper after taking into consideration suggestions from members, if any.

Members wishing to suggest amendments to the rules may kindly communicate the same to the Secretary of the Constituent Assembly (Legislative) upto 1st November, 1948.

The Committee will hold its meeting in my Chamber sometime about 3rd week of January, 1949, shortly before the Budget Session on a date to be notified later, and its recommendations will come for the consideration of the House, during the course of the next Budget Session.

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## PRESENTATION OF REPLICA OF ASHOKA PILLAR

**Mr. Speaker:** I have a pleasant announcement to make to the honourable members of this House. Sardar Sant Singh's name, though known to some of the members, is perhaps a new one to many members. He was a member of the old Legislature from 1930 onwards till the new elections in 1945. He

was a staunch supporter of the Congress. In memory of his long association with this House, it was his desire that he should present to the House a replica of the Ashoka Pillar. The gift is singularly appropriate, as we have adopted the Ashoka Wheel on our National Flag and the Four Lions with the base and Wheel as our symbol.

The honourable members will see the presentation replica on the Secretary's table in the House. It is a nice little piece.

I have considered it proper to respect the sentiments of Sardar Sant Singh and accept, on behalf of the House, the present he has made out of respect and love that he has for this Legislature. I am sure, the House will join me in conveying our thanks to Sardar Sant Singh for the present.

**Shri H. V. Kamath** (C. P. and Berar: General): On a point of information, Sir, was this manufactured in the Gun Carriage Factory, Jubbulpore?

**Mr. Speaker:** I do not know anything about it.

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## REQUEST FOR ALLOTMENT OF TIME FOR DEBATE ON HYDERABAD AND KASHMIR

**Shri H. V. Kamath** (C P. and Berar: General): Sir, may I by your leave remind the Honourable the Leader of the House of the hope he expressed on Tuesday last, the 31st August? I am reading from the statement he made lest my memory should betray me.

"That before the House adjourns. . . . .

**Mr. Speaker:** What is it that he is reading from?

**Shri H. V. Kamath:** Sir, I have compared it with the official typescript, and it is correct.

"That before the House adjourns, whatever Government may have to say with regard to Hyderabad and Kashmir will be laid before the House."

As tomorrow is the last day of the Session, I crave your indulgence to remind him of it today.

**The Honourable Pandit Jawaharlal Nehru** (Prime Minister and Leader of the House): The honourable member is perfectly right in reminding me of a statement that I made the other day. It was Government's intention and my desire that we should make a statement in regard to Kashmir and Hyderabad. I hope, still, to say something about it but I want to be very frank to the House that we have been put in a slight difficulty because certain delicate negotiations are proceeding in regard to Kashmir. The United Nations Commission is here, and in fact we had put it to them whether we should make public certain facts and they have requested us for the present not to do so. So we are put in a slightly difficult position. It would be improper for us to ignore their requests. Nevertheless, I hope to make some statement, not perhaps as full as I would have liked it to be, but some statement before the House adjourns.

**Shri H. V. Kamath:** On Hyderabad also?

**The Honourable Pandit Jawaharlal Nehru:** As I said, some statement I hope to make in regard to both the matters.

## STATEMENT *RE* INFLATIONARY SITUATION

**The Honourable Pandit Jawaharlal Nehru** (Prime Minister and Leader of the House): Sir, before the debate on the resolution is resumed, I should like, with your permission, to make a statement. Certain untoward developments have taken place as a result of speculation regarding the action which Government might take in the monetary sphere to deal with the inflationary situation. There has been, in certain places, a rush for the conversion of hundred rupee notes at the banks into notes of smaller denominations. Hectic purchases of gold have been taking place with the result that gold prices have reached new high levels. All this seems to be due to entirely unfounded rumours regarding the possibility of Government taking drastic deflationary action. Though certain rather vague suggestions in this respect have been made in the many and divergent views which Government have received, I wish to make it clear that Government have no intention whatsoever of demonetizing hundred rupee notes or refusing to pay the full value of any notes. It will take a little time before Government reach a decision regarding the anti-inflationary measures to be adopted for dealing with the present economic situation. I have no hesitation however in making an immediate declaration that Government will not entertain any proposals for devaluing currency. In particular, I should like to make a definite announcement—

(i) that Government will not demonetize 100 rupee notes, nor pay only a part of the value of any currency note; and

(ii) that they have no intention to freeze any part of any Bank deposits.

It is most unfortunate that wild rumours have found credence with the public, and it is of the utmost importance that public apprehensions in this respect should be allayed immediately. I hope this assurance given by me on behalf of the Government will have a reassuring effect. I would like the widest publicity to be given to this statement and I appeal for the co-operation of the House and the public in restoring confidence.

## PAPERS LAID ON THE TABLE

### INSTRUMENT OF ACCESSION SIGNED BY SIEMS OF THE KHASI HILL STATES

**The Honourable Sardar Vallabhbhai Patel** (Minister for Home, Information and Broadcasting and the States): Sir, I beg to lay on the table a copy of the Instrument of Accession signed by the Siems of the Khasi Hill States and accepted by the Governor General in accordance with sub-section (6) of section 6 of the Government of India Act, 1935, as adapted.

INSTRUCTION OF ACCESSION OF (the Khasi Hill States mentioned in the statement attached).

We the rulers of the Khasi States specified below,

Having agreed to the establishment of a Federation of which all the said Khasi States are members;

And being desirous of acceding to the Dominion of India individually as Rulers of the said Khasi States and collectively as members of the said Federation;

Do hereby declare that we accede to the Dominion of India with the intent that the Governor General of India, the Dominion Legislature, the Federal Court and any other Dominion authority shall, by virtue of this our Instrument of Accession, but subject always to the terms thereof, and for purposes only of the Dominion, exercise in relation to the said Khasi States such functions as may be vested in them by or under the Government of India Act, 1935, as for the time being in force in the Dominion of India (which Act as so in force is hereinafter referred to as "the Act").

2. WE hereby assume the obligation of ensuring that due effect is given to the provisions of the Act within the said Khasi States so far as they are applicable therein by virtue of this our Instrument of Accession.

3. SUBJECT to the provisions of the annexed Agreement (which shall be regarded as part of this our Instrument of Accession) we accept that the Dominion Legislature may make laws for the said Khasi States in respect of any matter.

(Signed by the Siems of the Khasi Hill States on the dates shown in the statement attached.)

I do hereby accept this Instrument of Accession.

Dated this seventeenth day of August Nineteen hundred and forty-eight.

C. RAJAGOPALACHARI,
*Governor General of India.*

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## AGREEMENT

1. The Federation of Khasi States, hereinafter referred to as "the Federation", agrees that all existing administrative arrangements between the Dominion of India and the Province of Assam on the one hand and the Khasi States on the other hand shall, with the exceptions noted below, continue in force until new or modified arrangements have been arrived at between the respective authorities concerned.

2. The exceptions referred to above will be as follows :—

*Judicial Powers—*

(a) The Federation will set up a competent Court of the Federation to exercise the judicial functions formerly vested in the Political Officer.

(b) In matters of customary law there will be no appeal from the Court of the Federation. In other cases, as at present, an appeal will lie to the Governor until a High Court of Assam is established when such appeal will lie to the Assam High Court.

(c) The judicial authority now exercised by State Courts in respect of Khasis will be maintained.

(d) In regard to all non-Khasis the judicial arrangements now existing will continue for the present except that the judicial powers of the Political Officer will be vested in the Court of the Federation when its competence is recognised. Where non-Khasis have voluntarily agreed to submit to the jurisdiction of a State Court that Court will continue to be the original trying court.

(e) Where State Courts comply with certain conditions to be laid down they may be vested with First, Second or Third Class Powers as defined in the Criminal Procedure Code and their jurisdiction would then include both Khasis and non-Khasis. The appointment of magistrates to the States' Courts and to the Court of Federation will be subject to the approval of the Governor in regard to their judicial competence. The Chief Justice of the Assam High Court, when established, will assume this power now vested in the Governor.

*Administrative Powers—*

With the exception of the following three subjects all the remaining administrative functions would be common with the Central or Provincial Government under the terms of the standstill arrangement outlined in paragraph 1 above.

*Exceptions.*—(1) *Excise*—Subject to agreement with the Provincial Government regarding the fixing of duty, etc.

(2) *Forests*—The Chief Conservator would act in an advisory capacity to the Federation in regard to the management and control of the Forests.

(3) Land and water rights and the revenue derived therefrom.

3. *Revenue.*—The member States of the Federation have agreed that the balance of the Khasi States Deposit Account should be handed over to the Federation and that future payments to this Deposit Account should also be made over to the Federation until fresh arrangements have been reached in regard to the contributions to be paid to the Federation by individual States.

4. *Khasi Territory in the Province.*—The Federation request that all possible help should be given to facilitate the unification of all Khasi territory.

All Khasi villages which desired to rejoin States of which they had formerly formed a part should be allowed to do so.

Other Khasi territory in the Province should, if they desired, be allowed to join the Federation as units.

5. *Legislation.*—In matters of legislation concerning subjects of common interest passed by the Assam Legislature there should be some machinery either by representation in that Legislature or otherwise set up whereby the legislation, where necessary, can be adopted or modified to suit the conditions and circumstances existing in the Khasi Hills.

STATEMENT

*Showing the list of Khasi Hill States which have signed the Instrument of Accession, the date of execution of the Instrument and the date of its acceptance by Governor-General.*

| Serial No. | Name of the State | Date of execution of the Instrument of Accession | Date of acceptance by the Governor-General |
|---|---|---|---|
| 1 | Khyrium State | 15-12-47 | 17-8-48 |
| 2 | Mylliem State | 15-12-47 | 17-8-48 |
| 3 | Cherra State | 15-12-47 | 17-8-48 |
| 4 | Nongstoin State | 19-3-48 | 17-8-48 |
| 5 | Rambrai State | 17-3-48 | 17-8-48 |
| 6 | Myriam State | .... | 17-8-48 |
| 7 | Nobosohphoh State | 11-1-48 | 17-8-48 |
| 8 | Nongspung State | .... | 17-8-48 |
| 9 | Nongkhlaw State | 15-12-47 | 17-8-48 |
| 10 | Bhowal State | 15-12-47 | 17-8-48 |
| 11 | Jirang State | 15-12-47 | 17-8-48 |
| 12 | Makaram State | 15-12-47 | 17-8-48 |
| 13 | Mawsynram State | 15-12-47 | 17-8-48 |
| 14 | Langrin State | 15-12-47 | 17-8-48 |
| 15 | Mawrang State | 15-12-47 | 17-8-48 |
| 16 | Mylai Shmet State | 15-12-47 | 17-8-48 |
| 17 | Mawphlang State | 15-12-47 | 17-8-48 |
| 18 | Sohiong State | 15-12-47 | 17-8-48 |
| 19 | Lyniong State | 15-12-47 | 17-8-48 |
| 20 | Shella Confederacy | 15-12-47 | 17-8-48 |
| 21 | Mawlong State | 10-3-48 | 17-8-48 |
| 22 | Nonglwai State | 15-12-47 | 17-8-48 |
| 23 | Pamsanugut State | 15-12-47 | 17-8-48 |
| 24 | Mawdon State | 15-12-47 | 17-8-48 |
| 25 | Dwara Nongtynmen State | 15-12-47 | 17-8-48 |

REGULATIONS OF INDUSTRIAL FINANCE CORPORATION OF INDIA

**The Honourable Shri K. C. Neogy** (Minister for Finance and Commerce): Sir, I lay on the table a copy of the Regulations of the Industrial Finance Corporation of India made under sub-section (3) of section 48 of the Industrial Finance Corporation Act, 1948.

**INDUSTRIAL FINANCE CORPORATION OF INDIA**

[INCORPORATED UNDER THE INDUSTRIAL FINANCE CORPORATION ACT 1948 (XV OF 1948)]

GENERAL REGULATIONS

**INDUSTRIAL FINANCE CORPORATION OF INDIA**

*Regulations*

In pursuance of the Industrial Finance Corporation Act, 1948, the Board of the Corporation, after consultation with the Reserve Bank of India and with the previous sanction of the Central Government has made the following regulations :—

CHAPTER I

*Introductory*

1. *Definitions.*—In these regulations, unless there is anything repugnant in the subject or context :—

(a) "the Act" means the Industrial Finance Corporation Act, 1948;

(b) other terms have the meaning assigned to them in the Act.

## CHAPTER II

### *Shares of the Corporation*

2. *Shares movable property.*—The shares of the Corporation shall be movable property

3. *Membership of the Corporation.*—(i) Membership of the Corporation shall be limited to the Central Government, the Reserve Bank, Scheduled Banks, Insurance Companies, investment trusts and other like financial institutions and Co-operative banks.

(ii) The decision of the Board on any question whether any company, corporation or association is an investment trust or other like financial institution within the meaning of sub-section (3) of section 4 of the Act shall be final.

4. *Conditions of first allotment of shares.*—(i) Subject to the provisions of the Act and and these Regulations the shares of the Corporation shall be under the control of the Directors.

(ii) The first allotment of shares shall be made in accordance with the provision of section 4 of the Act to applicants who are qualified to be registered as shareholders of the Corporation.

(iii) The Board may make allotments to the applicants for shares either in full, or in part depending on the number of applicants from the class of shareholders concerned. In so far as it is practicable, the Board shall make full allotment in respect of applications for small numbers of shares so that there may be as many shareholders of that class as possible.

(iv) The decision of the Board as to whether in a particular application for shares of the Corporation there shall be full, partial or no allotment shall be final.

(v) For the purpose of making the first allotment, there shall be a committee of the Board consisting of the Chairman, the Managing Director and one Director who shall be appointed in this behalf by the Chairman. The Committee so constituted shall exercise all the powers of the Board in making the allotment of the shares.

5. *Share Register.*—(i) The Corporation shall maintain at its head office a register of shareholders qualified by the Act to be registered therein and shall enter therein the following particulars :

(a) the name and address at which each shareholder has his principal place of business.

(b) under which of the categories of sub-sections (2) and (3) of section 4 of the Act the shareholder is qualified to be so registered.

(c) the date on which each person is so entered as a shareholder, the manner in which he acquired his share or shares and except in the case of first allotment, the name of the previous holder.

(d) the date on which any person ceases to be a shareholder, and the name of the person to whom and the ledger to which the share or shares are transferred.

(ii) In the share register, a separate ledger shall be maintained in respect of each of the categories of shareholders referred to in section 4 of the Act namely the Central Government, the Reserve Bank, the Scheduled Banks, Insurance Companies, investment trusts and other like financial institutions and co-operative banks.

6. *No joint holding of shares.*—The corporation shall not recognise the joint holding of shares.

7. *Inspection of Share Register.*—(i) The share register prescribed by regulation 5 except when closed under the provisions of these regulations shall be open to the inspection of any shareholder gratis at the head office of the Corporation during business hours subject to such reasonable restrictions as the Corporation may impose, but so that not less than two hours in each day may be allowed for inspection.

(ii) A shareholder shall not have the right himself to make a copy of any entry in any such register, but may, except when the register is closed require a copy of any such register or of any part thereof on pre-payment therefor at the rate of 8 annas for every hundred words or fractional part thereof required to be copied.

8. *Closure of Share Register.*—The Board may, by giving notice by advertisement, close the share register for such periods (not exceeding six weeks at any one time) as shall in its opinion be necessary.

9. *Share Certificate.*—(i) Every share certificate shall be issued under the common seal of the Corporation.

(ii) Every share certificate shall specify the number and denoting numbers of the share or shares in respect of which it is issued.

10. *Every shareholder entitled to one free share certificate.*—(i) The Central Government and the Reserve Bank shall each be entitled, free of charge, to one certificate for all the shares registered in their name.

(ii) Every shareholder other than the Central Government and the Reserve Bank shall be entitled, free of charge, to one certificate for each 5 shares registered in his name. If any shareholder shall require more than one cretificate for each 5 shares held by him he shall pay for each additional certificate the sum of Re. 1. Shareholders holding less than 5 shares shall be entitled, free of charge, to one share certificate and if they require more than one certificate shall pay for each additional certificate the sum of Re. 1.

11. *Renewal of share certificate.*—(i) If any share certificate is worn out or defaced or tendered for sub-division then upon production thereof to the head office of the Corporation it may order the same to be cancelled and issue a new certificate or certificates in lieu thereof and if any share certificate is alleged to be lost or destroyed then upon production or such evidence of the loss or destruction thereof as the Board may consider satisfactory and upon such indemnity with or without security as the Board may require a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate and in case of loss or destruction the person availing himself of the provisions of this regulation shall also pay to the Corporation all expenses incident to the investigation of evidence of loss or destruction and the preparation of the requisite form of indemnity as aforesaid.

(ii) For every certificate issued under this regulation there shall be paid to the Corporation a sum of Re. 1.

12. *Transfer of shares.*—(i) Subject to the restrictions contained in the Act and in these regulations, shares shall be transferable, but every transfer must be in writing in the following form and executed by persons duly authorised to do so on behalf of the shareholder concerned.

We A.B. (name and address) in consideration of the sum of rupees..... paid to us by C.D. (name and address) (hereinafter called "the transferee") do hereby transfer to the transferee the share (or shares) numbered.....in the Industrial Finance Corporation of India to hold unto the transferee and their assigns, subject to the several conditions on which we hold the same at the time of the execution hereof and we, the transferee, do hereby agree to take the said share (or shares) subject to the conditions aforesaid and we the transferee request that we be registered in respect of the said share (or shares) in the registers of the Corporation.

As witness our hands.... .....day of.....

Transferor

.....

(address)

Transferee

.....

(address)

(ii) The instrument of transfer of any share shall be submitted to the Board of the Corporation and shall be signed by the transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation.

13. *Power to refuse recognition of transfer.*—(i) The Board may decline to recognise any instrument of transfer unless,

(a) a sum not exceeding rupees ten is paid to the Corporation in respect thereof which sum shall not in any event be refunded;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the Corporation may reasonably require to show the right of the transferor to make the transfer.

(ii) Upon receipt by the Board of an instrument of transfer with a request to register the transferee, the Board shall make such enquiries as may be considered necessary to satisfy itself that the proposed transferee is qualified under the Act and these regulations to be registered as a shareholder.

14. *Corporation's lien on shares.*—The Corporation shall have a first and paramount lien upon all shares registered in the name of each shareholder and upon the proceeds of sale thereof for his debts, liabilities and engagements solely or jointly with any other person to or with the Corporation whether the period for the payment, fulfilment or discharge thereof shall have actually arrived or not, and such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Corporation's lien if any on such shares.

15. *Disqualified shareholders.*—(i) It shall be the duty of any person registered as a shareholder forthwith upon ceasing to be qualified to be so registered to give intimation thereof to the Board.

(ii) The Board may at any time cause such enquiries to be made as it shall see fit for the purpose of ascertaining whether any person registered as a shareholder has ceased to be so qualified and upon being satisfied that any such person has ceased to be qualified to be so registered shall inform him, that he is not entitled to be a shareholder of the Corporation. He will not be further entitled to the payment of any dividend on any such share nor to exercise any of the rights of a shareholder otherwise than for the purpose of the sale of such share and the Corporation shall make an entry in the register to that effect.

(iii) If the Board shall ascertain that a person who is not qualified to be a shareholder of the Corporation is registered by inadvertence or otherwise as a shareholder of the Corporation it shall inform the shareholder that he is not entitled to the payment of any dividend on any such share nor to exercise any of the rights of a shareholder otherwise than for the purpose of the sale of such share and shall make an entry in the register to that effect. A determination of the Board under this regulation as to whether a person is qualified to be a shareholder or not shall be conclusive.

## CHAPTER III

### *Meetings of shareholders*

16. *Annual General Meeting.*—The annual general meeting of the Corporation shall be held at a place in India where there is an office of the Corporation and unless otherwise determined by the Board shall be held in Delhi. Each annual general meeting shall be held within two months from the date on which the annual accounts of the Corporation are closed.

17. *Special General Meetings.*—(i) The Board may convene a special general meeting at such time and place as may be decided by the Board.

(ii) When it is necessary to hold a meeting (other than the annual general meeting) for the purpose of holding an election such meeting shall be convened by the Managing Director.

18. *Notice convening a General Meeting.*—A notice convening a general meeting signed by the Managing Director or the Secretary of the Corporation shall be published in the *Gazette of India* and in such other manner as the Board may direct at least 30 days before the meeting.

19. *Business at General Meetings.*—(i) At the annual general meeting the following business shall be transacted :

(a) the balance sheet of the Corporation and the Profit and Loss Account for the year ending the previous 30th June, together with a report by the Board on the working of the Corporation throughout the year and the auditors' report on the said balance sheet and accounts shall be read and considered;

(b) the election of Directors under the Act, if any.

No other business shall be transacted or discussed except with the consent of the Chairman unless not less than five weeks notice is given of the same by not less than ten shareholders qualified to vote at such meeting. Such notice shall take the form of a definite resolution to be put to the meeting and shall be included in the notice convening the meeting.

(ii) Except with the consent of the Chairman, no business shall be transacted or discussed at any special general meeting except the business for which the meeting has been specifically convened.

20. *Quorum at General Meetings.*—No business shall be transacted at any meeting of the shareholders, whether the annual general meeting or other general meeting, unless a quorum of 10 shareholders entitled to vote at such meeting in person or by proxy or by duly authorised representative is present at the commencement of such business, and if within fifteen minutes from the time appointed for the meeting a quorum is not present, the meeting, if it is not an annual general meeting, may be dissolved by the Chairman; in any other case or if the meeting is not so dissolved it shall stand adjourned to the same day in the following week at the same time and place, and if at such adjourned meeting a quorum is not present, the shareholders who are present shall form a quorum provided that no annual general meeting may be adjourned to a later date than two months after the 30th June and if adjournment would have this effect, the annual general meeting shall not be adjourned but the business of the meeting shall be commenced one hour from the time appointed for the meeting and those shareholders who are present in person or by proxy or by duly authorised representative shall form a quorum.

21. *Chairman at General Meetings.*—(i) The Chairman of the Board or in his absence a Director (other than the Managing Director) authorised by the Chairman in writing in this

behalf shall be the Chairman at all general meetings and in default of such authorisation, the meeting may elect any other Director to be the Chairman of the meeting.

(ii) The Chairman shall regulate the procedure at all general meetings and in particular shall have full power to decide the order in which shareholders can address the meeting, to fix a time limit for speeches, to apply the closure when in his opinion any matter has been sufficiently discussed and to adjourn the meeting.

22. *Voting at General Meetings.*—(i) A declaration by the Chairman of a general meeting that a resolution has been carried or rejected thereat upon a show of hands by those shareholders who are entitled to vote shall be conclusive and an entry to that effect in the book of proceedings of the Corporation shall be sufficient evidence of that fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution, unless immediately on such declaration a poll be demanded in writing by five persons present and entitled to vote at such meeting.

(ii) If a poll be demanded, it shall be taken either at once or at such time and place and either by open voting or by ballot as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. At such poll a vote shall be given by a shareholder entitled to vote either personally or by proxy or by duly authorised representative and the shareholders shall exercise the voting rights referred to in clause (i) of Regulation 24.

(iii) The decision of the Chairman of the meeting as to the qualification of any person to vote, and also in the case of a poll, as to the number of votes any person is competent to exercise shall be final.

23. *Minutes of General Meetings.*—(i) The Corporation shall cause minutes of all proceedings of general meetings to be entered in books kept for that purpose.

(ii) Any such minute, if purporting to be signed by the Chairman of the meeting at which the proceedings were had, or by the Chairman of the next succeeding meeting, shall be evidence of the proceedings.

(iii) Until the contrary is proved, every general meeting in respect of the proceedings whereof minutes have been so made shall be deemed to have been duly called and held, and all proceedings had thereat to have been duly had.

## CHAPTER IV

### *Voting*

24. *Shareholders entitled to vote and their voting rights.*—(i) Each shareholder who has been registered as a shareholder for a period of not less than six months prior to the date of a General Meeting shall at such Meeting, have one vote for each share held by him for the whole of such period.

(ii) Every shareholder entitled to vote as aforesaid who (being an individual) is present in person or by proxy or (being the Central Government or a company) is present by proxy or by a duly authorised representative shall have one vote on a show of hands and in case of a poll shall have one vote for each share held by him for the whole period of six months prior to the date of such meeting.

25. *Voting by Government.*—(i) The Central Government may, by an order in writing, authorise any of its officers to act as its representative at any meeting of the Corporation and the officer so authorised shall be entitled to exercise the same powers on behalf of the Central Government as if he were an individual shareholder of the Corporation. The officer so authorised shall not be deemed to be a proxy.

(ii) A copy of any order made under clause (i) hereof shall be deposited at the Head Office of the Corporation before the time fixed for the meeting.

(iii) An order made under clause (i) hereof may subsequently be revoked by the Central Government by depositing a notice of revocation at the Head Office of the Corporation before the time fixed for the meeting, and the due revocation of an order shall in no way prohibit the issue of another order by the Central Government and the deposit of a copy thereof at the Head Office of the Corporation within the time limited by clause (ii) hereof.

26. *Voting by duly authorised representative precludes voting by proxy.*—No shareholder, being a corporation, shall vote by proxy so long as a resolution of its directors under the next succeeding regulation authorising any of its officials or any other person to act as its duly authorised representative at any general meeting, shall be in force.

27. *Voting by duly authorised representative.*—(i) A company may, by resolution of its Directors authorise any of its officials or any other person to act as its representative at any meeting of the Corporation and the person so authorised shall be entitled to exercise the same powers, on behalf of the company which he represents, as if he were an individual shareholder of the Corporation. The authorisation so given may be in favour of two representatives in the alternative. A person acting in terms of an authorisation given under this

clause shall not be deemed to be a proxy. For the purposes of this regulation a company shall mean a public limited company and shall include the Reserve Bank, a scheduled bank and a co-operative bank. A representative appointed under this regulation is in these regulations referred to as a "duly authorised representative".

(ii) No person may attend or vote at any meeting of the Corporation as a duly authorised representative unless a copy of the resolution appointing him as a duly authorised representative certified to be a true copy by the Chairman of the meeting at which it was passed shall have been deposited at the Head Office of the Corporation not less than 4 clear days before the date fixed for the meeting. An appointment of a duly authorised representative shall, after the deposit of a certified copy of the resolution as aforesaid, be irrevocable for the meeting for which it is made and shall revoke any proxy previously deposited for such same shareholder.

(iii) No person may be appointed a duly authorised representative or a proxy who is an officer or an employee of the Corporation.

28. *Proxies.*—(i) No instrument of proxy shall be valid unless in the case of a Corporation or a Co-operative Bank it is executed under its common seal or signed by its attorney duly authorised in writing.

(ii) No proxy shall be valid unless it is made out specifically for the purpose of voting at the meeting at which it is to be used.

(iii) No proxy shall be valid unless it is duly stamped and unless it, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority is deposited at the head office of the Corporation not less than 4 clear days before the date fixed for the meeting.

(iv) No instrument of proxy shall be valid unless it is in the following form, and dated :

*Industrial Finance Corporation of India*

We.....of.....being a shareholder of the Industrial Finance Corporation of India holding shares Nos..... hereby appoint.....of.....(or failing him..... .....of.....) as our proxy to vote for us and on our behalf at a meeting of the shareholders of the Corporation to be held at .....on the..... ..... ..... day of..... .....and at any adjournment thereof.

Dated this... .....day of.....

(v) An instrument of proxy deposited in terms of this regulation shall be irrevocable after the last day for the deposit of proxies unless on or before such day there shall have been deposited at the head office of the Corporation a notice in writing under the hand or common seal of the grantor specifically stating :—

(a) the name of the person in whose favour the instrument was granted; and

(b) that such instrument is revoked, or unless the same shall be invalid under clause (vi) hereof. In the case of an instrument of proxy granted in favour of two grantees in the alternative, it shall not be necessary to mention in a notice of revocation the name of the second or alternative grantee provided that the notice is otherwise sufficient to identify beyond doubt the instrument of proxy which it is intended to revoke.

(vi) If two or more instruments of proxy in respect of the same shares shall be deposited and if on or before the last day for deposit of proxies all but one of such instruments of proxy shall not have been duly revoked in accordance with the procedure prescribed in clause (v) hereof all such instruments of proxy shall be deemed invalid.

(vii) The due revocation of an instrument of proxy shall in no way prohibit the deposit of another valid instrument of proxy within the time limited by clause (iii) hereof.

(viii) Notwithstanding anything to the contrary in these regulations, the grantor of an instrument of proxy which has become irrevocable under this regulation shall not be entitled of the election of a Director any person interested being a candidate or shareholder entitled to vote in person at the meeting or election to which such instrument relates.

29. *Election disputes.*—(i) If any doubt or dispute shall arise as to the qualification or disqualification of a person deemed or declared to be elected or otherwise as to the validity to vote at such election may within 7 days of the date of the declaration of the result of such election give intimation in writing thereof to the Chairman of the Board of the Corpo-

nation and shall in so doing give full particulars of the grounds upon which he doubts or disputes the validity of such election. The Chairman shall forthwith refer such doubt or dispute for the decision of a committee consisting of himself, the Managing Director and one Director elected pursuant to any of clauses (c), (d) and (e) of section 10 of the Act, such elected Director being appointed by the Chairman in this behalf.

(ii) Such committee shall make such enquiry as it deems necessary and, if it finds that the election was a valid election, it shall confirm the declared result of the election or, if it finds that the election was not a valid election it shall make such order and give such directions including the holding of a fresh election as shall in the circumstances appear just to the Committee.

(iii) An order and direction of such committee in pursuance of these regulations shall be final and conclusive.

## CHAPTER V

### *Election of Directors*

30. *Determination by lot of Directors to retire.*—The determination by lot prescribed by the first proviso to sub-section (2) of section 11 of the Act shall be made at a meeting of the Board to be held not later than three months before the expiry of the period prescribed in the said proviso and the result shall be declared immediately thereafter.

31. *Issue of Notice of election.*—Where at any general meeting an election is to be held, notice of the number of vacancies and of seats to be filled shall be included in the notice convening the meeting.

32. *List of each class of shareholders.*—(i) For the purpose of an election of Directors under any of clauses (c), (d) and (e) of section 10 of the Act, a separate list of shareholders of each class shall be prepared at least four weeks before the date of the meeting at which the election is to be held and the shareholders of each class shall vote in the election of Directors representing their class only.

(ii) Each such list shall be available for purchase at a price of 8 annas for each copy on application at the head office of the Corporation.

33. *Nomination of candidates for Directorship.*—(i) No candidate for election as a Director of the Board shall be validly nominated unless,—

(a) he is on the last date for receipt of nominations, not disqualified to be a Director under section 12 of the Act;

(b) he is nominated by a shareholder of the class of shareholders in respect of which the election is to be held;

(c) the nomination is in writing signed by a duly constituted attorney of the shareholder, provided that a nomination may be made by a resolution of the Directors of the shareholding institution and where it is so made a copy of the resolution certified to be a true copy by the Chairman of the meeting at which it was passed shall be despatched to the head office of the Corporation and such copy shall be deemed to be a nomination.

(ii) No nomination shall be valid unless it is received in the head office of the Corporation not less than 14 clear days before the date fixed for the election.

34. *Publication of list of candidates for Directorship.*—On the first working day following the last date fixed for the receipt of nomination papers, the Managing Director shall take the same into consideration. He shall after such enquiry, if any, as he thinks necessary, accept or reject the nomination of each candidate. The decision of the Managing Director that a nomination is valid or invalid shall subject to the result of any reference under regulation 29 be final. If the number of valid nominations is equal to or less than the vacancies to be filled the candidates validly nominated shall be deemed to be elected at the meeting convened for the purpose and their names and addresses shall be published as so elected. If the number of valid nominations exceeds the number of vacancies the Managing Director shall cause to be published the names and addresses of candidates validly nominated in the *Gazette of India* and at least three newspapers in India.

## CHAPTER VI

### *Meetings of the Board and the Executive Committee*

35. *Meetings of the Board.*—(i) A meeting of the Board shall be held at least once a quarter in each year and shall be convened by the Managing Director.

(ii) Any three Directors may require the Managing Director to convene a meeting of the Board at any time and the Managing Director shall, on receipt of the requisition, convene a meeting of the Board giving sufficient notice, provided that the date of the meeting so convened shall not be later than 15 days from the date of the receipt of the requisition.

(iii) Meetings of the Board shall ordinarily be held in Delhi provided that a meeting may be held at such other place where there is an office of the Corporation if the Board so think fit

(iv) Ordinarily not less than one clear month's notice shall be given of each meeting of the Board and such notice shall be sent to every Director to his registered address. Should it be found necessary to convene an emergency meeting, sufficient notice shall be given to every Director who is at the time in India to enable him to attend.

(v) No business other than that for which the meeting was convened shall be discussed at a meeting of the Board, except with the consent of the Chairman and a majority of the Directors present unless one clear week's notice has been given of the same in writing to the Chairman.

(vi) A copy of the proceedings of each Board meeting shall be circulated as soon as possible thereafter for the information of the Directors and shall be signed by the Chairman at that or the next succeeding meeting.

36. *Meetings of the Executive Committee.*—(i) The Executive Committee shall ordinarily meet at least once a month at the Head Office of the Corporation to attend to the current business of the Corporation. Sufficient notice shall be given to the Directors of the Committee to enable them to attend the meeting.

(ii) The provisions of the Act and save as otherwise provided in these regulations, these regulations shall apply to the meetings of the Executive Committee as if they were meetings of the Board.

37. *Disclosure of interest of a Director in any industrial concern.*—Every Director who is directly or indirectly concerned or interested in any contract, loan or arrangement entered into by or on behalf of the Corporation with any industrial concern shall disclose the nature of his interest in the concern to the Board or Executive Committee as the case may be and shall not be present at any meeting of the Board or Executive Committee when any such contract, loan or arrangement is discussed unless his presence is required by the other Directors for the purpose of eliciting information. Where any Director is so required to be present, he shall not vote on any such contract, loan or arrangement and, if he does so, his vote shall be invalid and shall not be counted.

38. *Fees for Directors' Meetings.*—(i) Each Director (other than the Managing Director and other than a salaried officer of Government) shall receive a fee of Rs. 100 for each meeting of the Board and a fee of Rs. 50 for each meeting of the Executive Committee attended by him.

(ii) In addition, each such Director shall be reimbursed his travelling expenses, if any, on such scale as may be prescribed by the Board from time to time.

39. *Resignation by a Director.*—A Director nominated or appointed by the Central Government or a Director nominated by the Central Board of the Reserve Bank of India may resign his office to the Central Government and a Director who is elected pursuant to any of sub clauses (c), (d) and (e) of section 10 of the Act may resign his office to the Board and on the acceptance of the resignation the office shall become vacant.

40. *Appointment of* ad hoc *Committees.*—(i) The Board may appoint *ad hoc* committee for technical and other advice so as to assist the Corporation in the efficient discharge of its functions.

(ii) The Managing Director shall be Chairman of each *ad hoc* Committee appointed by the Board. If the Managing Director is for any reason unable to attend a meeting of an *ad hoc* Committee a person authorised by him in this behalf in writing shall preside at that meeting and in default of such authorisation the Committee may elect a Chairman to preside at that meeting.

(iii) A person who is a member of an *ad hoc* Committee who is directly or indirectly interested in any contract, loan or arrangement which comes before such *ad hoc* Committee shall disclose the nature of his interest to the Board and to such *ad hoc* Committee and shall not be present at any meeting of the *ad hoc* Committee when such contract, loan or arrangement is discussed, unless his presence is required by the other members of the Committee for the purpose of eliciting information. Where any member is so required to be present, he shall not vote on any such contract, loan or arrangement and, if he does so, his vote shall be invalid and shall not be counted.

(iv) Each member of an *ad hoc* Committee shall before entering upon his duties be required to sign a declaration of fidelity and secrecy to the effect set out in the form set out in the Schedule to the Act.

## CHAPTER VII

*General*

41. *Board to inform Central Government regarding disqualifications.*—The Board shall forthwith inform the Central Government if it comes to the notice of the Board that any Director has become subject to any disqualification under the Act.

42. *Acts of Directors valid notwithstanding subsequent discovery of disqualifications.*—All acts done at any meeting of the Board or the Executive Committee or an *ad hoc* Committee or by any person acting as Director of the Board or member of the Executive Committee or of an *ad hoc* Committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such persons or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and duly qualified.

43. *Delegation to the Managing Director.*—The Managing Director or in his absence an officer of the Corporation duly nominated by him in this behalf shall have full power to transact all the usual business of the Corporation which may be transacted by the Executive Committee, if in the opinion of such officer action cannot be deferred until the next Executive Committee meeting, provided that such action shall be reported to the next such meeting.

44. *Manner and form in which contracts binding on the Corporation may be executed.*—Contracts on behalf of the Corporation may be made as follows:

(a) Any contract which, if made between private persons, would be by law required to be in writing signed by the parties to be charged therewith, may be made on behalf of the Corporation in writing signed by any person acting under its authority, express or implied, and may in the same manner be varied or discharged.

(b) Any contract which, if made between private persons, would by law be valid although made by parol only and not reduced to writing may be made by parol on behalf of the Corporation by any person acting under its authority, express or implied, and may in the same manner be varied or discharged.

45. *Accounts receipts and documents of the Corporation by whom to be signed.*—The Managing Director, and such other officers of the Corporation as the Board may authorise in this behalf by notification in the *Gazette of India*, are hereby severally empowered for and on behalf of the Corporation to endorse and transfer promissory notes, stock receipts, stock debentures, shares, securities and documents of title to goods standing in the name of or held by the Corporation, and to draw, accept and endorse bills of exchange and other instruments in the current and authorised business of the Corporation and to sign all other accounts, receipts, and documents connected with such business.

46. *Plaints, etc., by whom to be signed.*—Plaints, written statements, affidavits and all other documents connected with legal proceedings may be signed and verified on behalf of the Corporation by any officer empowered by or under regulation 45 to sign documents for and on behalf of the Corporation.

47. *Common seal of the Corporation.*—(i) The common seal of the Corporation shall not be affixed to any instrument except pursuant to a resolution of the Board and except in the presence of at least two Directors (including the Managing Director), who shall sign their names to the instrument in token of their presence, and such signing shall be independent of the signing of any person who may sign the instrument as a witness. Unless so signed as aforesaid such instrument shall be of no validity.

(ii) The common seal of the Corporation shall be affixed to the share certificates issued by the Corporation and may be used for such other purposes as may be approved by the Board.

48. *Service of notice to shareholders.*—(i) Unless otherwise provided in the Corporation's regulations a notice may be given by the Corporation to a shareholder by sending it by post to his registered address.

(ii) Any notice required to be given by the Corporation to the shareholders or any of them and not expressly provided for by the Corporation's regulations shall be sufficiently given if given by advertisement in at least three newspapers circulating in India.

(iii) Any notice if served by post shall be deemed to have been served on the third day following that on which it was posted and in proving such service it shall be sufficient to prove that the notice was properly addressed and posted.

(iv) The signature to any notice to be given by the Corporation may be written or printed.

49. *Accounts.*—The Board shall cause accounts to be kept of the assets and liabilities, receipts and expenditure of the Corporation, and shall have due regard to the obligations in this connection imposed on the Corporation by the Act.

50. *Annual statement of accounts.*—The Board shall cause the books of the Corporation to be balanced on the last working day of the month of June in each year and the annual accounts shall be set out as follows :—

(a) a balance sheet in the form set out in schedule 'A' annexed hereto;

(b) a profit and loss account for the year in the form set out in schedule 'B' annexed hereto.

51. *Returns.*—The statement to be made under clause (1) of section 35 of the Act shall be in the form set out in schedule 'C' annexed hereto and the statements to be made under clause (3) of the same section shall be in the forms set out in schedules A and B.

52. *Payment of dividend.*—(i) Dividends shall be declared by the Board and paid as soon as conveniently may be after the closing of the annual accounts.

(ii) No dividend shall carry interest as against the Corporation.

(iii) Any dividend may be paid by cheque or warrant sent to the registered adress of the shareholder entitled thereto and every cheque or warrant so sent shall be made payable to the order of the shareholder to whom it is sent.

(iv) The Corporation shall not make payment of a dividend to any person not entitled thereto under the Act or these regulations but shall retain the same and make payment there of to the person who next becomes registered in respect of the share on which such dividend is payable.

## SCHEDULE "A"

### INDUSTRIAL FINANCE CORPORATION OF INDIA

Balance Sheet as at 30th June.....

| Capital and Liabilities | Rs. A. P. | Rs. A. P. | Property and Assets | Rs. A. P. | Rs. A. P. |
|---|---|---|---|---|---|
| 1. CAPITAL— | | | 1. Cash in hand and with Bankers . . . | | |
| Authorised . . . . . | | | | | |
| Issued and paid up . . . . | | | 2. Investments—Government Securities . . | | |
| 2. Reserve Fund . . . . . | | | | | |
| 3. Bonds and Debentures . . . | | | 3. Loans and advances . . . . . | | |
| 4. Fixed Deposits . . . . | | | 4. Debentures . . . . . | | |
| 5. Contingent liabilities under guarantees and underwriting agreements *per contra*. | | | 5. Guarantees and underwriting agreements *per contra*. | | |
| 6. Other liabilities . . . | | | 6. Other assets . . . . . | | |
| 7. Profit and loss account . . . | | | | | |

## SCHEDULE "B"

### INDUSTRIAL FINANCE CORPORATION

Profit and Loss Account for the year ended 30th June.....

| | Rs. A. P. | Rs. A. P. | | Rs. A. P. | Rs. A. P. |
|---|---|---|---|---|---|
| Establishment | | | Interest, Discount, Commission, etc. | | |
| Directors' fees and expenses | | | | | |
| Auditors' fees | | | | | |
| Rent, Taxes, Insurance, Lighting, etc. | | | | | |
| Law Charges | | | | | |
| Postage, Telegraph and Telephone Charges | | | | | |
| Stationery, Printing, etc. | | | | | |
| Depreciation and Repairs to Corporation's property. | | | | | |
| Contribution to Staff and Superannuation Funds. | | | | | |
| Miscellaneous expenses | | | | | |
| Net profit carried to Balance Sheet | | | | | |

SCHEDULE "C"

INDUSTRIAL FINANCE CORPORATION OF INDIA

*Statement of Assets and Liabilities as at .....*

LIABILITIES

| | Rs. | A. | P. |
|---|---|---|---|
| 1. CAPITAL— | | | |
| Authorised | | | |
| Issued and paid up | | | |
| 2. Reserve Fund | | | |
| 3. Bonds and Debentures | | | |
| 4. Fixed Deposits | | | |
| 5. Contingent liabilities under guarantees and underwriting agreements *per contra*. | | | |
| 6. Other liabilities | | | |
| TOTAL | | | |

ASSETS

| | | | |
|---|---|---|---|
| 1. Cash in hand and with Bankers | | | |
| 2. Investments—Government Securities | | | |
| 3. Loans and advances | | | |
| 4. Debentures | | | |
| 5. Guarantees and underwriting agreements *per contra* | | | |
| 6. Other assets | | | |
| TOTAL | | | |

Published by the order of the Board of Directors of the Industrial Finance Corporation of India

NEW DELHI:
*4th August 1948.*

RAM NATH,
*Managing Director*

## ELECTION TO STANDING COMMITTEE FOR MINISTRY OF STATES

**The Honourable Sardar Vallabhbhai Patel** (Minister for Home Information and Broadcasting and the States): Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, one member to serve until the end of the financial year 1948-49 on the Standing Committee to advise on subjects concerning the Ministry of States *vice* Sir S. V. Ramamurty resigned from the Assembly."

**Mr. Speaker:** Motion moved:

"That this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, one member to serve until the end of the financial year 1948-49 on the Standing Committee to advise on subjects concerning the Ministry of States *vice* Sir S. V. Ramamurty resigned from the Assembly."

**Prof. N. G. Ranga** (Madras: General): Sir, may I know how often or how many times has this Committee met since it was last constituted and what were the various important subjects that were placed before it?

**The Honourable Sardar Vallabhbhai Patel:** I am not in a position to give the figures required by the honourable member. I shall obtain the information and pass it on to him.

**Dr. B. Pattabhi Sitaramayya** (Madras: General): I may say that the Standing Committee for States met once, on the 31st March this year.

**Mr. Speaker:** The question is:

"That this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, one member to serve until the end of the financial year 1948-49 on the Standing Committee to advise on subjects concerning the Ministry of States *vice* Sir S. V. Ramamurty resigned from the Assembly."

The motion was adopted.

## ELECTION TO CENTRAL ADVISORY BOARD OF ARCHAEOLOGY

آنریبل مولانا ابوالکلام آزاد : جناب ! میں تحریک کرتا ہوں :

"کہ اسمبلی اس طریقہ پر جیسی کہ رائے آنریبل سپیکر دے ایک ممبر کو چلنے کی کارروائی انجام دے - یہ ممبر سنٹرل ایڈوائزری بورڈ آف آرکیالاجی ان انڈیا میں اس جگہہ پر ممبر کی حیثیت سے کام کریگا جو کہ حاجی عبدالستار حاجی اسحاق سیٹھ کے استعفیٰ دینے سے خالی ہوگئی ہے-

**The Honourable Maulana Abul Kalam Azad** (Minister for Education): Sir I move.

"That this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, one member to serve on the Central Advisory Board of Archaeology in India constituted by the Government of India *vice* Haji Abdus Sattar Haji Ishaq Seth resigned."

**Mr. Speaker:** The question is:

"That this Assembly do proceed to elect, in such manner as the Honourable the Speaker may direct, one member to serve on the Central Advisory Board of Archaeology in India constituted by the Government of India *vice* Haji Abdus Sattar Haji Ishaq Seth resigned."

The motion was adopted.

## ELECTION TO CENTRAL ADVISORY BOARD OF EDUCATION

آنریبل مولانا ابوالکلام آزاد : جناب! میں تحریک کرتا ہوں :

"کہ اس اسمبلی کے ممبر اس طریقہ سے جو کہ آنریبل سپیکر منظور کریں ایک ممبر کے چلانے کی کارروائی انجام دیں - یہ چلانا اس فرض سے ہوگا کہ سنٹرل ایڈوائزری بورڈ آف ایجوکیشن ان انڈیا میں ایک ممبر کی جگہ جو خالی ہو گئی ہے کو بھر دی جائے -"

**The Honourable Maulana Abul Kalam Azad** (Minister for Education): Sir, I move:

"That the members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the Speaker, one person from among their own number to be a member of the Central Advisory Board of Education in India with effect from the date of election."

**Mr. Speaker:** The question is:

"That the members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the Speaker, one person from among their own number to be a member of the Central Advisory Board of Education in India with effect from the date of election."

The motion was adopted.

## ELECTION TO COURT OF UNIVERSITY OF DELHI

آنریبل مولانا ابوالکلام آزاد : جناب! میں تحریک کرتا ہوں:

"کہ دہلی یونیورسٹی ایکٹ ۱۹۲۲ ع اور دہلی یونیورسٹی امنڈمینٹ ایکٹ ۱۹۴۳ ع ( ۲۴ آف ۱۹۴۳ ع ) کے ماتحت یہ اسمبلی اس طریقہ سے جو کہ آنریبل سپیکر منظور کرے ایک ممبر کے چناؤ کی کارروائی انجام دے - یہ ممبر دہلی یونیورسٹی کورٹ کی اس جگہہ کے لئے چنا جائیگا جو کہ چودھری نہال سنگھ کی کانسٹی ٹیوانٹ اسمبلی کی ممبری کے ختم ہونے سے خالی ہوگئی ہے-"

**The Honourable Maulana Abul Kalam Azad** (Minister for Education): Sir, I move:

"That in pursuance of clause (XIV) of sub-section (1) of Section 18 of Delhi University Act, 1922 (VIII of 1922) as amended by the Delhi University (Amendment Act of 1943 (XXIV of 1943), read with clause (5) of Statute 2 of the Statutes of the University set out in the Schedule to that Act, the members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the Speaker, one person from among their own number to be a member of the Court of the University of Delhi *vice* Chaudhri N'hal Singh, whose seat in the Constituent Assembly has been declared vacant."

**Mr. Speaker:** The question is:

"That in pursuance of clause (XIV) of sub-section (1) of Section 18 of Delhi University Act, 1922 (VIII of 1922) as amended by the Delhi University (Amendment Act of 1943 (XXIV of 1943), read with clause (5) of Statute 2 of the Statutes of the University set out in the Schedule to that Act, the members of this Assembly do proceed to elect in such manner as may be approved by the Honourable the Speaker, one person from among their own number to be a member of the Court of the University of Delhi *vice* Chaudhri Nihal Singh, whose seat in the Constituent Assembly has been declared vacant."

The motion was adopted.

**Mr. Speaker:** I have to inform honourable members that the following dates have been fixed for receiving nominations and holding elections, if necessary, in connection with the following Committees, namely:

| | Date for nomination | Date for election |
|---|---|---|
| Standing Committee for the Ministry of States.<br>Central Advisory Board of Archaeology.<br>Central Advisory Board of Education.<br>Court of the University of Delhi. | 3-9-48. | 4-9-48. |

The nominations for these Committees will be received in the Notice Office upto 4 P.M. on the date mentioned for the purpose. The elections, which will be conducted by means of the single transferable vote, will be held in the Assistant Secretary's Room (No. 21) in the Council House between the hours 10-30 A.M. and 1 P.M.

## ELECTIONS TO STANDING COMMITTEES FOR MINISTRIES OF COMMERCE AND RELIEF AND REHABILITATION

**Mr. Speaker:** I have also to inform the Assembly that upto the time fixed for receiving nominations for the Standing Committees for the Ministries of

Commerce and Relief and Rehabilitation, one nomination in the case of each of these two Committees was received. As the number of candidates is equal to the number of vacancies in each of these Committees, I declare the following members to be duly elected:

*Standing Committee for the Ministry of Commerce.*—Shri Prabhudayal Himatsingka.

*Standing Committee for the Ministry of Relief and Rehabilitation.*—Sardar Bhopinder Singh Man.

## RESOLUTION *RE* MEASURES TO CHECK RISING PRICES OF NECESSARY COMMODITIES—*concld.*

**Mr. Speaker:** The House will now proceed with further discussion of the following Resolution moved by Pandit Govind Malaviya on Wednesday the 11th August 1948 and not concluded on that day:

"This Assembly views with grave concern the continuing rise in the prices of the necessary commodities of life in the country, and is of opinion that the Government should forthwith appoint a Commission to visit the different provinces and to report within three months upon the causes of such abnormal rise and to suggest measures for effectively bringing down immediately these soaring prices of all necessities, specially of food grains, eatables and cloth."

**Shri T. T. Krishnamachari** (Madras: General): Mr. Speaker, Sir, since 11th August when this Resolution was moved, much water has flown under the bridge and today the House is aware that the Government is fully seized with the whole question in all its aspects, not merely the need to control prices but also to put down the inflationary trend that now exists in our economy. It is therefore difficult to confine one-self to the text of the Resolution, but at the same time, I realise, as most of the members of the House do, that in the circumstances in which we are placed today, we can say much and we can say little; we can also say things which are not wise to be said, and I propose to impose on myself this restriction that I shall not say anything which will add to the panic that exists in this country. I would only make certain observations on the various recommendations that are now before the Government for their consideration submitted by the Government economists, industrialists, bankers, labour interests and the like.

Sir, the one aspect of this matter which it is impossible to slur over, notwithstanding the fact that as a party man I do not consider it my duty or even a privilege to bring it home to the Government, is the fact that one of the false steps taken in this direction was the decision of the Government last December to de-control foodgrain prices. I was one of those who did not participate in that debate, but at the same time felt, as many others did feel at the time that it was an extremely unwise step to take at that time when we did not have a full grip over the economy of this country. I read and re-read again the speech of our venerable leader Babu Rajendra Prasad and it was to my regret that I noted that much that he has said in supporting the decision taken by Government to de-control has now been proved to be incorrect. It therefore seems, Sir, to me that Government will have to reverse the gear completely and go back to the position that existed in December 1947, before proceeding with other steps in regard to countering inflationary tendencies that exist in this country. Sir, I am sure, if I were to compare with the figures of prices of food commodities that obtained in December 1947, to prove that the position has to be remedied I shall be preaching to the converted but in order to facilitate my own flow of thought, I would like to refer to a few figures in this connection. I would like to say that the public and the press of this country are now labouring under a handicap, because for a number of months past, we do not have the official figures in regard to the cost of living prices in this country. Why these figures are not forthcoming and whether it is due to any delay on the part of the Statistical Department or whether it is due to any other consideration, I am not aware. I have, therefore, to deal with figures of a very imperfect character and I would like to draw the attention of the House to the index numbers of wholesale prices given in the Reserve Bank

bulletin for November 1947 in respect of food articles which is 294. Even in December there was a sharp increase in those figures from 294 to 321 and on the 31st of July, the figure is somewhere in the region of 401 for food articles. Any one will understand that the prophecy that was more or less vouchsafed by the Government spokesman in December 1947 was a complete mistake and that was the beginning of all our troubles. In this connection, Sir, I would like to draw the attention of the House to statements made both by the Committee of Economists who sat in judgment over the position as it is today and also the Government's Economists in regard to the contribution of the price increase to the present state of our economy. Sir, the Government Economists said that *per se* the decontrol was not the cause of our trouble. So far as the Committee of Economists are concerned they are not so explicit as obviously they could not be since they want that the whole country should be put under war-time controls. I have drawn attention of the House to these two facts only to mention that there is a certain amount of mistaken appreciation of the real position. The real position is that prices have gone up and that is the basis of all our troubles. Prices have not gone up in an atmosphere that was one of vacuum. It had gone up in an atmosphere where inflationary tendencies were all the time present, but to say that the country should be brought on a war-time economy, is not correct, because in times of war, while dealing with these problems, you deal with it from a different angle altogether. The Government deals with the question of price control, monetary control from the angle of view of preventing public consumption interfering with Government's acquisition of foods and services for war needs. That condition does not exist today; actually what we are out to do is to increase public consumption rather than deter it which is probably the only way in which we can counter inflation and therefore to say that the country should be brought on a war time economy is completely wrong. So far as the control of inflation is concerned the regimentation that would accompany a war-time economy must undoubtedly apply if the Government are going to take any steps at all in this direction.

Sir, I would very briefly deal with some of the points raised by the Economists and the industrialists. I must say at the outset that the Economists' report by and large will find acceptance from all the thinking people of this country, but I do emphasize on the words "by and large" because certain assumptions in that Economists' report are untenable. There is no use a body of economists saying that these are the recommendations that we place before the country and they are an integrated whole and you cannot pick upon a portion of it and utilise it and blame us if it fails. You had to take it in its entirety. It seems to me as if that is an escape clause. If it happens that the Government accepts the bulk of the recommendation and if the ultimate end we have in view is not achieved, the Economists want to divest themselves of the responsibility by saying that the Government had not followed the scheme in its entirety and that is why they have inserted that proviso that they are an integrated whole. Actually, Sir, even the very best of classification of the causes of the trouble, this country is beset within, are over-lapping and while the recommendations are probably inter-connected, therefore certainly not integrated. Barring that and a few recommendations in regard to taxation and likewise the recommendations of the Economists are such that we could make the basis for deciding on what we have to do. In regard to the industrialists, Sir, I am myself amazed at the moderation of their recommendations. I am amazed because it was the industrialists by and large, excepting some of those of them who were Bombay Planners, who had agitated in the Autumn of 1947 for complete decontrol. I welcome therefore a complete change in their outlook and also a realization that they would be wise not to harp on their own particular interests, but to think of the general interests of the country and making an effort to make such sacrifices as are necessary, if need be. Friends who probably want to attribute motives to those industrialists may say that this is the decadent type of capitalists that now exist. Writers have described

[Shri T. T. Krishnamachari]

in the past, notably a Professor Schumpeter who has described the modern capitalist as a decadent specimen who is neither here not there. I personally as a member of the Congress Party welcome any offer of co-operation and the fact that these people have resiled from a stand that they took in November 1947, I think, augurs well for the future of the country.

Sir, it would not be possible for me in the limited time at my disposal to deal with the various points raised in these memoranda. But I would say this, that one particular matter on which the Economists and the industrialists disagreed, namely, taxation, would probably merit some examination. The industrialists want that capital gains tax should be removed and why, I don't know. I cannot understand how the incidence of capital gains tax which comes into operation only when there is a transfer of capital from one person to another can possibly have any additional inflationary effect. I see the economists pleading for going back to the position as it obtained in 1947 in regard to rate of Super-tax, Sir, I have examined the position. In the case of a person who has got an income of one lakh of rupees the gain that he gets by the revised scale of taxation is Rs. 3,000 and in the case of a person whose income is Rs. 30 lakhs, the gain that he gets by the revised scale of taxation as recently laid down is Rs. 20,000. How an addition of Rs. 3,000 in the case of an income of a lakh of rupees and Rs. 20,000 in the case of an income of Rs. 30 lakhs could possibly add to the inflationary trends in this country passes my understanding.

I therefore feel that there is no case made for steepening up the position of taxation in this country which, in all conscience, stands fairly high in comparison with the tax structure in any other country in the world. Actually, Sir, if we feel that something has to be done in order to mop up the extra purchasing power in the hands of those who are well to do, I would rather that we adopt the somewhat inequitable, somewhat unscientific but nevertheless salutary measure of a capital levy, which is made once for all, which will have no repercussions on the market for any length of time as once it is collected would leave the economic in peace. I thought the economists would make that suggestion; but they have not done so. The position of the tax structure in this country undoubtedly needs revision as it is true that the present taxation does not allow any surplus for investment in the case of the higher income group Notwithstanding a theory to the contrary by Professor Pigou. I think it is generally recognised that a tax structure which leaves very little surplus at the top will mean very little incentive for investment. It is rather a case for the Government having to take courage in their hands and if they feel, if they want, that private enterprise in industry should remain, they should alter the tax structure rather than go back to the position in 1947.

I would like to refer to one or two other factors in this connection. There has been a general recommendation in regard to the stopping of all expenditure on capital schemes. I understand that the Honourable the Prime Minister has issued instructions to all departments that they should not go ahead with any programme that they have on hand which will involve capital expenditure.

**The Honourable Dr. Syama Prasad Mookerjee** (Minister for Industry and Supply): Unless considered essential.

**Shri T. T. Krishnamachari:** There is a proviso, "unless considered essential." Any way, that is perfectly right, if there is no suspension of that type of capital expiatal expenditure that we have in view for the next five or seven years which would not be wholly inflationary, except in so far as the amount spent on labour or perhaps on construction of accommodation is concerned if actually we can get capital goods from abroad to start industries, that would help production. On the one hand we have the sterling reserves, limited as they are, available to us. I shall close in a few minutes, Sir. On the other hand, we have an opportunity of getting some assistance in the United States even if it were indirectly. For instance, I am aware the Government of India have been exploring the possibilities of getting assistance from the International

Monetary Organisation and probably also from private Banking interests in the United States. I think some plans have been formulated. What we have to do is to go ahead with these schemes and see how far we can get foreign loans for the purpose of carrying on these capital ventures that we have in view. Again, Sir, it is rather difficult to see how the expansion of telephones can be inflationary. The equipment will, by and large, be obtained from foreign countries and very little extra labour will be imported into the scheme. It would not be inflationary. At the same time, I agree that there has to be a slight reversal of the Government policy in regard to building construction. While on the one hand, I think the policy at present is that private building should not be encouraged in order to allow the Government to meet its own needs, I think that that policy will have to be reversed. If we have to mop up the surplus purchasing power in the hands of the people, what we should do is to encourage private building for the time being and to put a check on the Government expenditure on building which is definitely inflationary. Any public works of that nature is definitely inflationary.

One more word about this particular matter which I would like to say, before closing, is this: The economists and perhaps the industrialists have referred to certain social aspects of Government undertakings, for instance, prohibition. That is a controversial issue. Actually, from a purely detached point of view, prohibition is inflationary in the sense that it puts more purchasing power in the hands of those people who are not in the habit of saving and who do not actually have the means of saving. It also prevents some flow of money into the coffers of Government in the shape of excise duties and in the shape of Income-tax that will be obtained from the *Abkari* contractors. But that is a matter in which the feelings of the people are deeply involved.

Another question which more or less related to it is the problem of the liquidation of *Zamindaris*. A recommendation has been made that the question of *Zamindari* liquidation should be postponed. If you would give me a couple of minutes, Sir, I would elaborate on this point

**Mr. Speaker:** The rule is very clear on the point. The rule says, no speech on a resolution, except with the permission of the Speaker, shall exceed fifteen minutes in duration. The honourable member is really asking my permission. I have given him twenty minutes by now. I find a large list of members who are so anxious to speak. So, I would request the honourable member to curtail; in fact I wanted to suggest in the beginning that in view of the large number of members who are anxious to speak, the time limit should be ten minutes. I do not know what the members are going to speak in ten minutes. I wish we must have a smaller number of speakers making better speeches rather a larger number making no speeches. But that is a matter left to the wishes of the members.

**Shri T. T. Krishnamachari:** This question of *Zamindari* liquidation is intricately connected with the land economy in our country. That is also connected with the question of prices of food crops. The money that the Government of India have spent since 1943 on the Grow More Food Campaign has been actually thrown into the drain. We have not produced a single blade of corn for all these crores of Rupees that we have spent. It has only added to the inflationary trends that existed. The whole question of food production is intimately connected with land ownership. The man who actually tills the land has no incentive whatever to produce more. I was myself a representative of a predominantly land owners constituency and I have in the past tried my best to get an increased prices for their produce. But, I have always felt that the man actually working on the land got nothing out of it. The Provinces are dealing with one aspect of land ownership, which must in its train bring other reforms; that is the question of the abolition of *Zamindaris*.

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The fact that the mere idea of pumping money into the hands of the *Zamindars* is inflationary, should not encourage the Government to postpone this. The Government can certainly devise ways and means by which the money that is paid to the *Zamindars* would be immobilised in the shape of non-negotiable bonds, at any rate for the time being, for the next five or six years. I do feel that the crux of the entire problem of producing more food without which we can never stabilise the prices is that our land economy has got to be completely re-organised. In that view, I would like to say that the Government should not, however inconvenient it may be, however much technical advice may be against it, do anything to impede this small measure of reform which would be the precursor of many other repress in the land economy to come.

Before I sit down, I would like to utter a word of warning. All these recommendations are made more or less within the four walls of a room without the people realising that any suggestion made by responsible people has got grave consequences. One such effect of this kind of talk, the Honourable the Prime Minister has indicated this morning. I know, Sir, the position is not so grave as some people think. I would like to say to this House and to the public outside that as a member of the party which is in power, I feel that this Government is competent, completely competent to face any issue that might arise which might threaten to jeopardise the economy of this country. Things are not very bad. Things are much worse in France; the situation in China is terribly bad; the position is the same in most of the European countries; the Latin American countries are in the grip of grave inflation; still they survive. So far as we are concerned, in this country, we have a Government which commands the complete support and loyalty of the people. We have a Prime Minister who is perhaps one of the biggest statesmen in the world who is willing to take big risks. I would therefore, as a member of the Congress Party, like to assure the House and the public that the position is not so serious; the position can be rectified; there is no room for panic; and the Government, wise as it is, will not take any steps to unduly affect any particular interest, at any rate, for the next three or four years to come. The question of long-range policy of altering the economic system is a matter which will have full publicity and perhaps will have to secure the *imprimatur* of the electorate. In the meantime, placed as we are, I think there is absolutely no room for any panic of any sort. Government should give the assurance that while taking these measures they will do nothing which will press unduly on any particular section of the public. Such an assurance will prepare the country for the few measures of regimentation that Government will undoubtedly have to undertake to help to save the distress that now exists in our economy.

**Shrimati Renuka Ray** (West Bengal: General): Sir, since the House last discussed this Resolution we are well aware that Government have consulted various groups and are considering all possible remedies in regard to the inflation coupled with falling Standards of Production that is taking place in this country and is getting more serious every day. It is undoubtedly true that every day's delay means a day lost and we must do all that is possible to check inflation so that we may not be faced with the same situation as China. At the same time, I agree with my honourable friend Mr. Krishnamachari that there is no reason for the tremendous panic in the public mind that seems to be prevailing; and I would also humbly submit that there is no reason for panic also so far as Government are concerned. It is very distressing to learn that the economists have suggested—and this suggestion has been put forward by others also—that measures should be taken to curtail expenditure on development plans, particularly in such matters as nation-building projects such as education and health, or rather "social services"

is the word that has been used. I submit that this would be a suicidal policy. The very foundation of our progress and prosperity will depend on these services being brought in; and today even if we are faced with an economic crisis I would say that the last thing we should do is to curtail any expenditure in regard to these essential services. I do not say that economies in different departments should not be effected wherever it is non-essential expenditure, even in regard to those departments which deal with nation-building services. But at the same time priorities should be fixed; and whatever happens let there be no curtailment of expenditure on development schemes and nation-building projects.

I will now turn to this question of inflation and the consideration of certain ways and means by which it can be checked. I will not go into any details as to the causes of inflation which started during the last war, for those are well known. The compelling force of circumstances made the previous Government to bring in a measure of control and regulation of prices and distribution of certain essential commodities. This scheme was brought in, however, in a very half-hearted way, and compared to the same measures taken in the United Kingdom we were far behind them. We are all aware of the fact that a good deal of black-marketing and corruption has resulted and that the administrative machinery was not in many ways adequate to meet that and deal with controls satisfactorily. As a result when the National Government came in it was decided to introduce decontrol gradually or partially. I was one of those who held even then that this was a mistaken policy, and today I think the effects of decontrol are only too apparent. The greatly enhanced prices prevailing today as compared with even the black market prices which were prevalent in this country just before decontrol came in are an eloquent testimony to the fact that decontrol has had very grave repercussions on our economy. I would not say that decontrol is the cause of inflation but certainly it has aggravated the inflationary tendency beyond all question; and I suggest that the first measure that Government must undertake would be to reimpose the system of controls and try to improve the machinery of administration and bring in measures for stringent punishment of offenders. I feel that Government can only go ahead with this if they can get public co-operation fully. It is no use for us today—we who have rights as free citizens—not also to bear our responsibilities; and if we ask Government to provide adequate machinery to see that the system of controls is satisfactorily worked and that there is no black-marketing and corruption, let me also say that it is the duty of each one of us as citizens to help Government in this matter. It is not even enough to say that I do not buy in the black market or that I am not a black-marketeer. If we come to know of any one who is going in for blackmarket operations it is the duty of each one of us to come forward whatever may be the cost and the harassment, and to give such information to Government. It is only in this way that we can expect the National Government to be able to achieve success.

Sir, I have not much time at my disposal but in regard to the withdrawal of idle hoards of surplus currency a large number of suggestions have been made by economists and by industrialists in this matter. I want to say that the system of compulsory savings and the scheme that my honourable friend Mr. Khandubhai Desai has put forward is one which I think would be a very salutary one. It is true that a certain measure of inequality will result even if we fix the minimum level—say of Rs. 500 as it has been suggested—over which incomes will be liable to a proportion of deferred payments. But at a time like this I think the country and the people, if they are properly apprised of the situation, will be willing to abide by such a decision, and make the requisite sacrifice.

[Shrimati Renuka Ray.]

I will not go into other details except to say that the raising of the rate of interest is of course an obvious method of deflation but it has its repercussions, and may have very bad repercussions if it is managed in a manner that leads to very sudden deflation. Therefore I suggest that Government might attract small savings and get them for productive use by raising the rate of interest on Government bonds and National Savings Certificates and making them non-negotiable for a period of three to five years. I think this is a very important measure and I hope Government will consider this adequately and put it into operation immediately.

I will not go into details about the measures that ought to be adopted in order to bring forth money that has hitherto evaded taxation. The House has discussed it at length and I am sure Government will do whatever is possible. But here again the co-operation of the public is necessary for Government to achieve any measure of success. There are other methods such as the levying of a steeply graded death duty and increasing the rate of business profits tax, which I hope Government will bring in.

There is just one other point that I should like to stress. I hope Government will undertake the control of the important export of all commodities and set up a corporation on the lines of the U. K. C. C. This will be a means by which they will be able to adjust to the needs of the production drive, and by fixing the rate of the margin of profits, extra money will go into the hands of Government and will be withdrawn from ordinary circulation.

Sir, I have not much time left. I want to end on the same note that I made a little while ago that it is very essential that there should be public co-operation with Government. Sir, I must point out that there is in this country a definite trend amongst certain groups of capitalists—I do not include all private industry or private enterprise—to corner the Government and force it with different posers. For instance, their poser is that if you do not stop the working of this Tax Investigation Commission, which is trying to get the money that has evaded taxation, then there will be no money for production. Another poser is that unless you do away with excess profits tax and the like, money will not be forthcoming for production. I would ask Government and the country to take due note of the fact that in such a national crisis this element in the population—these people who have vested interests—are unwilling to come forward—even now they are unwilling to combine with the rest of the country in helping Government to overcome this crisis. I would say to the public that if you want that the Government shall not be cornered by this group of industrialists or capitalists, then it is your duty—and the duty of each one of us—to help the Government to counteract, and to help in all such measures to stop corruption and blackmarketing in this country, and to prevent real power from being concentrated in the hands of a small group of big business.

**Pandit Hirday Nath Kunzru** (U.P.: General): Disagreeing with my honourable friend, Mr. Krishnamachari, I think that the position in which we find ourselves is serious, and unless we recognise that it is an extraordinary situation that we have to deal with, we shall not have the courage to take all those measures which are required to restore health to our economy.

Sir, Government sowed the wind in December last and we are now reaping the whirlwind. The policy of decontrol was adopted in disregard of all the known facts of every kind of economic life. A system which protected about 148 millions of people from a rise in the prices of foodstuffs was hastily and almost completely abandoned. We are today the victims of the unwisdom of the Government and their refusal to look facts in the face. And what has, Sir, since December last surprised me even more than the original policy of

decontrol, are the efforts repeatedly made by the Honourable the Food Minister to infect people with his optimism regarding the food situation, an optimism which has no relation whatsoever to facts. Prices, Sir, have taken their course regardless of his wishes and assurances. They have mounted up to such high levels that unless immediate steps are taken to control the distribution of foodstuffs, we shall be faced with unprecedented labour unrest.

We have been provided by the Food Department with a memorandum which shows the gravity of the situation. In the United Provinces, Sir, wheat has arisen by more than 100 per cent. since it was decontrolled, and rice has risen by about 70 per cent. But the rise in the prices of rice in Bombay and the deficit districts of Madras has been much higher. In Madras it amounts to about 145 per cent. and in Bombay to about 200 per cent. The Honourable the Food Minister thought in March last when we discussed the food situation during the budget debate that there was no cause for alarm and that he had taken measures which enabled him to claim that no untoward results would follow the policy of decontrol. Sir, if rice and wheat alone had risen, we might have had the satisfaction of feeling that the prices of the coarser foodgrains—bajra and jowar—which are mainly used by the poorer sections of our people, had gone down. But as a matter of fact, the prices of these two foodgrains, too, have risen considerably in sympathy with the movement in the prices of wheat and rice. We thus find, Sir, that all classes of the population are suffering heavily on account of a tremendous rise in the price of foodstuffs. Government, Sir, were very fond of telling us that the prices, though they had gone up since the adoption of decontrol were still lower than the blackmarket prices. It was, if I may say so with all respect to them, a disingenous argument. But the facts now in our possession show that in the United Provinces wheat prices are equal to if not higher than those which prevailed in the black-market in December last, and I think, Sir, that if an enquiry were made, it would be found that in most important wheat centres the position was the same.

One of the things that was claimed for the policy of decontrol, which was adopted in pursuance of the recommendations of the Purshottomdas Committee, was that the need for importing a large quantity of foodstuffs would be obviated. But today we find, Sir, that the position has deteriorated to such an extent that the industrialists themselves ask that there should be a liberal importation of the essential commodities including food.

What are we to do in this situation? I had intended to state to the House the rise that had taken place in the price of cloth also. But the reimposition of control over cloth and cotton makes it unnecessary for me to do so. I may, however, point out, that according to the report of the Central Board of the Reserve Bank of India, the prices of the coarser varieties went up by as much as 100 per cent. and of the finer varieties by between 200 and 250 per cent. What are we to do in this situation which is not merely serious but alarming and which calls for urgent and coordinated action? The economists and the industrialists whom the Government of India consulted have made a large number of recommendations. It is not possible for me to pronounce on the soundness of all these recommendations, but I find that there is a general similarity between the proposals put forward by the economists, the industrialists and the labour leaders. Since, Sir, I have only two minutes more I will not deal with this question at length but I will point out that all parties are generally agreed that foodstuffs and indeed the essential commodities should be rationed, that wages and salaries and profits should be frozen, that the inconvertible note issue should not be increased any further and that a campaign for national savings should be carried on. It is further recommended that every effort should be made to increase production. I was rather sorry to hear the Prime Minister in this connection when he said that the partial immobili-

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sation of bank deposits suggested by the Committee of economists has been rejected by the Government of India. I personally think that it was a very sound suggestion. However, in my opinion, the most important decision which the Government have to take is what steps they will take to implement the recommendations of the economists and the other parties and help to increase production. And in connection with the latter subject they will have to consider whether in the present circumstances private enterprise is to be given a free initiative or whether it has to be brought under control in the same way as is suggested in the case of the land-owners. I think that while free play should be given to private enterprise it should be controlled and effectively controlled.

If you will permit me, Sir, I should like to make two suggestions which so far as I can see find no place among the recommendations made by the representatives of the various interests consulted by Government. The first relates to the co-ordination of the economic policy throughout the country. My honourable friend the Prime Minister the other day suggested the creation of a Ministry of Economic Affairs. We have not got the material before us to decide whether the creation of such a Ministry at present is necessary or not. But even if such a ministry were created the need for supervision and guidance by the Prime Minister himself would continue. No overall and effective policy can possibly be followed unless it has the approval and the wholehearted backing of the Prime Minister. Now he has at the present time a very heavy burden to carry, because in addition to his responsibilities as the head of the Government he has to discharge the duties which he has taken upon himself in connection with the External Affairs Department. I venture to think that the duties of the Prime Minister at this juncture are so onerous and exacting and are of so vital a character that it is necessary in the public interest that the Prime Minister should divest himself of his responsibilities in connecton with the conduct of the foreign policy. I respectfully suggest to him that he should take the matter into his serious consideration and devote all his time to the performance of his duties as the head of the Government and as its most important representative not merely before the Indian public but also before other countries.

My second suggestion is that as there is at present a plethora of economic advisers and statisticians in the various departments, it is necessary in order to coordinate the policy that a central economic organisation and a central statistical organisation should be created. I put a question on the subject in April last and I received a favourable reply from the Minister of Commerce but so far as I know nothing has been done in this direction. The uncoordinated information and advice which are at present being given by these officers to the Ministries I am sure stands in the way of a unified and well coordinated policy. I hope therefore that this suggestion which, I believe, is supported by the Economic Advisers themselves, will be implemented very soon by Government.

May I say once more before I sit down that the Government must now announce a definite policy regardless of whether it would be popular or not, though so far as I can see the policy of control will be as popular now as it was eight months ago. They should create an atmosphere in which there will be no further expectation of a rise in prices. The suggestions that have been made to them are many and complicated. But one thing they can do and that is to build up the arrangements that are required to control the prices of essential commodities and to control the distribution of some of the most important of them. This is the least step that they should take in connection with the present situation. They can take measures later on—for instance the freezing of wages and salaries and profits, which too is absolutely essential to the reorganisation of our national economy. But the very first step which they

must take is in my opinion to bring about control of price and distribution of foodstuffs and certain other essential commodities.

Sir, I am very grateful to you for having allowed me to exceed my time-limit.

**The Honourable Pandit Jawaharlal Nehru** (Prime Minister and Leader of the House): Sir, on the last occasion when this Resolution was before this House I spoke for a while. So far as I remember, I was rather apologetic in the sense that I pointed out that at that moment Government would rather not make any clear and definite enunciation of policy. I am sorry that even today, after about two weeks or so, Government do not propose in the course of this debate, as the House will know and realize, to put forward any precise scheme which they wish to have adopted. But during these last few days—ten or twelve days—we have paid a great deal of attention to this matter, consulted various interests, and as a result of that the House is in possession of the various Memoranda on this subject which are before Government. Because, we do wish to take not only the House but the public of this country into our confidence as to what we are doing and what we are not doing. I hope that before long we shall present—not before this House, I am sorry to say, because the House will not be sitting then, but before the country—our conclusions and our decisions. It might have been possible to put forward one or two decisions even now, in the course of a day or two; but, as some of the Memoranda have pointed out, the subject should be seen as an integrated whole and not dealt with separately. That does not mean again that we must decide about every matter quickly and before we decide about one or two matters. Nevertheless there must be an integrated approach even though the decisions might be about a few matters now and a few later. Therefore we are put in this difficulty that when this very important matter is considered by the House neither I nor my colleagues can state definitely what Government is going to do about this very important problem.

Members will have seen from the abstracts presented to them that there is a fair unanimity in regard to certain matters and there is a wide variety and divergence of opinion in regard to others. In fact the approaches are completely different. So I seek the indulgence of the House not to say anything which may hinder Government's policy on these matters at this particular stage. May I, however, add that some inferences that have been drawn by my friend Mr. T. T. Krishnamachari and my friend Pandit Kunzru are not wholly justified. I have not stopped anything except that I have asked the various Government Departments not to indulge in any superfluous expenditure or to agree during this brief period in regard to any big schemes which might involve large expenditure. That is all that I have done. And I would like to point out to Pandit Kunzru not to attach any wider meaning to what I have said than what I have actually said. At the present moment I can say no more because we are considering these matters. I have used precise language and we stand by the language we have used. As for what other connected matters there may be, they will have to be considered by us, and we shall then give Government's decision in regard to them.

Pandit Kunzru referred to the position of the Prime Minister and the Foreign Minister being concentrated in one person. In answer to a supplementary question the other day I expressed my agreement with this principle that the Prime Minister in such a Government should not have any other portfolio, or any portfolio; he should be in essense a co-ordinating and supervising authority. That is perfectly true; and I have felt that. But the fact remains that we have had a certain difficulty in regard to this matter, and if I may say so with all respect to this House, this question of Foreign Affairs has become extremely complicated. Honourable members criticized me—and rightly—in regard to Delegations that were sent. And often enough those

[Pandit Jawaharlal Nehru]

Delegations are not ideal delegations. But the whole subject of Foreign Affairs is so extraordinarily difficult today that unless one almost specialises in it, not in a broad way—because all of us in a broad way do something about it—but in a particular way, it is very difficult to follow it—the things that happen from day to day, the things that appear in the newspapers, and the many things that happen behind the scenes. And whether it is in a Delegation or whether it is in any other place, for a considerable time the person who has to deal with the subject will be put in a difficulty for the simple reason that he is rather out of touch with those things and he has not considered them as they have been happening. Members may have certain definite opinions by which to appproach these problems. Certainly. Yet even a casual word or sometimes a question that is put here is unfortunate in the results it produces. Yesterday I think an honourable member said something about what an Ambassador of ours had said elsewhere. Well if I may say so, the questions that are put here are far more embarrassing from the point of view of our foreign policy, and sometimes they might even lead to rather harmful results. Nevertheless we face those results. If it is very bad we ask the members not to press the question. All these difficulties arise, and it is not a question of having a pleasure trip abroad for anyone—though no doubt many people in some of our Delegations may look upon it as such sometimes—but of the hardest possible work. I am glad to say—and I wish to pay this public tribute to our Ambassadors, and I say so with full responsibility—that the Ambassadors who are functioning on our behalf have done their work extraordinarily well. The average has been very high and I say higher than most countries, higher than the best of countries. Naturally, to begin with, they had difficulties and they have to build up a tradition; but they have succeeded largely. However, my point was the moment I can leave the Foreign Ministership or, in the alternative, the Prime Ministership I shall gladly do so.

**Shri H. V. Kamath** (C.P. and Berar: General): On a point of clarification, Sir, are not casual statements made by our Ambassadors abroad more embarrassing to the Government than questions put in this House?

**Mr. Speaker:** Order, order.

**The Honourable Pandit Jawaharlal Nehru:** May I point out to the honourable member that even the casual statements are sometimes not casual but they are deliberate and at our instance?

**Prof. Shibban Lal Saksena:** *rose.*—

**Mr. Speaker:** Let there be no further questions on this.

**Prof. Shibban Lal Saksena** (U.P.: General): There are some amendments.

**Mr. Speaker:** They have already been moved.

**Prof. Shibban Lal Saksena:** I have an amendment in my name on this Resolution.

**Mr. Speaker:** Two amendments were moved last time. Are there any further amendments?

**Prof. Shibban Lal Saksena:** Yes.

**Mr. Speaker:** I was informed that it was agreed by the party of the honourable member that no further amendment was going to be moved. Is that correct?

**Shri Satyanarayan Sinha:** *indicated assent.*

**Mr. Hussain Imam** (Bihar: Muslim): Mr. Speaker, Sir, the inflation that today exists is neither as serious as has been painted by some honourable members, nor so easy as was pointed out by Mr. Krishnamachari. It has been a product of prolonged action and reaction and as such it is not a thing which

can be ended within a short time. It has taken deep root and will take a long time to eradicate.

But, Sir, I am glad to find that the economists have not only agreed among themselves to give us a unanimous opinion, but they have done something which is really remarkable. I feel that about 80 per cent. of their recommendations are unexceptionable both from the labour as well as from the capitalist point of view. They have steered a middle course—they have not stressed too much towards capital. While they have recommended that taxation should be increased in order to alienate capital, they have at the same time had the courage to say that labour's wages should be freezed and that bonuses should not be paid on the ordinary basis but on a production basis. I regard this as a very healthy sign and I hope that the Government, when it frames its final opinion and policy on this, will be guided by the opinions expressed by all sides.

I find that capital also has been very responsive. Their recommendations have been couched in moderate terms—they have not asked for the Moon, they have not wanted that taxation should be greatly reduced, that labour should be penalised; all those things which are usually done by partisans are absent.

The labour viewpoint has been put forward by some of their accredited leaders. I am particularly referring to the memorandum by Mr. Khandubhai Desai; it is a very helpful one and some of his suggestions are exceptionally good. For instance, his suggestion that Government should embark on import and export trade and establish some monopoly, is one well-worth considering. It is not an innovation. Other countries have done it in the past and are doing it at the present. It is only in the fitness of things that our Government should have full confidence in itself and feel that it can tackle the job which others are tackling, if not better, no worse than them. I do not like a spirit of defeatism by means of which the Government feels that industry and commerce is a field which is impossible for it to tackle. We have had, Sir, the experience of the one hundred crores business that we have been carrying on in the Food Department. The purchases that have been made abroad and their disposal in India is nothing to be ashamed of. I know that there has been a great deal of criticism on the handling of the food situation, but considering the magnitude of the affair which we were handling, I do not think that Government has not successfully come out of it. Leaving aside the question of graft and other things which are bound to crop up here and there in a Government organisation if there is not sufficient superintendence and control, baring that, the handling of the food imports has not been badly done by the Government. I therefore suggest that when the Government comes to a final decision, it will consider all the points and give certain things a priority.

What are the things which require to be tackled first and what are the things which could be dealt with as an intermediate step and a final step? I quite agree with the dictum of the honourable Pandit Kunzru that food control should be re-imposed as much as possible. That was a mistaken step when control was removed. Sir, I have a personal interest in this matter because as a member of the Food Grains Policy Committee, for the first time in my eighteen years of public service I differed with my non-official colleagues and sided with the officials. And I feel, Sir, that I did the right thing. I opposed de-control. I feel that it was more sentimental reasons which actuated the Government in removing the controls rather than logic and facts. The circumstances were such that it was thought best to remove the controls but even when the controls were removed it was stated on behalf of Government that if de-control does not bring about the desired results, Government would be prepared to re-impose it with all its vigour. Sir, I want the Government to honour its pledge.

[Mr. Hossain Imam]

In this connection, I should like that Government should give no less consideration to the three or four items which are in competition with food grains. I refer particularly to sugarcane prices. It was one of the most mistaken steps that was taken to increase the price from Rs. 1/2/- to Rs. 2/- per maund. It has resulted in diversion of a large part of land which was producing rice and paddy to sugarcane. I am afraid that there will be a glut of sugarcane this year; it has been brought about by Government's action in U.P. and Bihar. The Advisory Committee was responsible for fixing this price. I hope that the prices will be reduced to the 1947 level.

Secondly, Sir, there is jute. The jute prices are going high and unless an effort is made to control them it would be difficult. In the world market we have got serious competition from cotton and paper, and if the prices go on soaring, we will lose a large part of our foreign markets.

It is therefore essential that a parity with the food prices of December 1947; should be the order of the day and all the things which are in competition—sugarcane, jute, cotton and tobacco—should be brought down to the levels which were prevailing then. If necessary monopoly procurement should be started for these, or centralised purchase organisations from the jute mills and cotton mills should be compulsorily imposed. A centralised purchasing organisation, by means of removing the competition, will immediately bring down the prices and it is essential that for a more balanced economy we should have these things back at the prices which were prevailing in December 1947.

Freezing of wages is one of the most important items in the scheme of things which has the support not only of the economists and industrialists but many of the moderate labour leaders also. As a second line of defence, there must be a concerted effort by the Centre, the Provinces and the States to reduce Government commitments, and in that connection Dr. John Matthai's Department comes first. He has got the largest number of schemes for betterment and improvements. Of course, there are certain things which are essential which are needed for removing the bottlenecks. As far as those are concerned, you cannot even defer them for a day, but all the other parts of his which are purely of a kind of social improvement, he should I think defer for the present.

A suggestion has been made by all sides, namely, the introduction of bearer bonds for Government loans, so that some of the black market money may trickle into the coffers of the Government. I think it is a very necessary innovation and although it may be stigmatized by some as conniving at black marketing, nevertheless we must do that.

I am told, Sir, that income-tax assessments are greatly in arrears. If tightening is applied there and collections are made, if need be we may have again the same old Act which we had during the war of "Pay as you go", in that case, it would help us a good deal.

A new suggestion which I wish to make, which may scandalise some of my friends is this. During the days of rationing, I know that a system was introduced whereby rents were not realised in money but in kind. If the Government—Provincial Governments—would introduce this system of realising the rental in kind from the tenants and from the landlords at the stated Government price, it will help a great deal both to curb inflation and to bring about the necessary quantity of food grains which is required by the Government for this purpose. (*An Honourable Member*: "But there is no staff for collection.") The staff need not frighten anybody. If you will examine Soviet Russia, you will be simply thunder-struck by the number of staff which they employ there. What are the traders doing? Are they not employing staff? We are entering in the trade, so needless to say we must have staff and it is nothing if the Government which is a responsible Government cannot do that.

It can very easily tackle the job and do it better with the response of the people.

**Shri Ajit Prasad Jain** (U.P: General): They cannot create staff in a day.

**Mr. Hossain Imam:** Another thing which I should like to say in conclusion is this: This is more a psychological factor. The capitalists are frightened. They fear that the Government, in the nationalisation they visualise, will behave as they are behaving with the *zamindars* paying nominal compensation. A passing reference was made to this phase, not in so many words of course, but in a very guarded manner, by no less than a responsible person than J. R. D. Tata at the Annual General Meeting of the Tatas when he referred to the abolition of the *zamindari* in Bihar. They may invest today but within ten years it will be really confiscated, because the way in which compensation has been paid to *zamindars* is nothing but confiscation. That is their first fear, and secondly, they are frightened that a time may come when even the question of compensation may not arise, because ten years is too short a period and as is well known, in the initial stages industries are unable to pay their way, let alone earn profits. Therefore, Government should increase the duration of the interim period from ten years to at least fifteen years. An assurance must be given that no confiscating legislation will be passed by this House and that Government has every intention to deal fairly and squarely with the capitalists, provided they are fair to labour. Labour must have a fair deal. No one can deny the right and propriety of giving labour every amenity which it deserves, but as I said in the Factories Bill, labour must also behave. It must put in its best and production must increase. It is production bonuses which are required, not profit bonuses. Profit bonuses must be ended and production bonuses must be started. If these three or four steps are taken, I am confident that India will not only weather the storm but will come out with flying colours and that its reputation will become higher than it is today.

*The Assembly then adjourned for Lunch till Half Past Two of the Clock.*

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*The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.*

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**Shri Prabhudayal Himatsingka** (West Bengal: General): Mr. Speaker, Sir, a number of speakers have given us their views on the great importance of the subject and we are all anxious to find out some solution. There are various causes which have led to the present difficulty and if we want to combat the same, we have to take steps to reduce the purchasing power of certain classes whose purchasing power has increased and also we have to make available in larger and larger quantities the things that they want. If there is an increase of money, that by itself will not be harmful, if we can supply the things to the community to the extent that they need. When the commodities that are required are in short supply and there is excess of money, then the trouble comes in. So we have to examine as to whose purchasing power has increased which needs, if possible, to be curtailed and reduced. Sir, you will find that the purchasing power of the manufacturers, industrialists, labour and agriculturists, has increased considerably. So far as the big people, the industrialists and manufacturers are concerned, they are very few and they cannot affect the purchase of the daily necessaries of life. Then we have to see if and whether we should take steps to reduce the purchasing power of labour and agriculturists. It is an undeniable fact that during the war on account of the high prices of their produce commodities, the indebtedness of agriculture has been completely wiped out and on account of the high prices the agriculturists have got enough money in their hands; so also labour. The position was and we all know that most of them were being starved, that they have had not 2 square meals

[Mr. Prabhu Dayal Himatsingka]

a day nor did they have sufficient quantity of cloth to put on before. Now that they have got some money, they are anxious to spend that money and as a result you will find, Sir, that they have taken to finer grains like Rice and Wheat rather than Jowar, Bajra and other things that they used to take before the War. Similarly, Sir, on account of the higher purchasing power, you will notice that in the villages if they can get finer cloth, they want finer cloth. These two factors, Sir, have raised the price of these commodities which were previously confined more or less to the towns. Now, Sir, if you want to reduce their purchasing power, we have to take steps to supply things at higher prices by Government imposing some sort of an excise duty or some other tax which will enable the Government to bring in some money. There are certain other ways, as for instance, raising the land revenue and also having some sort of voluntary method of saving and freezing wages at the present level and otherwise taking steps to reduce the purchasing power. If you examine these steps one by one, you will find that raising of land revenue at the present moment will be well nigh impossible. If Government try to take steps in that direction, I think, there will be a good deal of opposition and perhaps Government will find it impossible to take that step. But it should not be very difficult to freeze the wages at the present level, so that there may be no further increase of purchasing power in their hands. Certainly no one will suggest that the wages should be such as not to be sufficiently attractive or should not be commensurate with the amount of trouble that they undergo, but so far as I can judge the present level of wages are just, sufficient and reasonable and there is no room for their increase and if there be any further increase on account of any increased production or otherwise that should be in the shape of deferred payments, so that the same may be available to them at a later stage.

If we take steps to have some sort of saving programme by way of other compulsory methods or voluntary methods, that may help them to save something for their future use. That will require the active co-operation of the population to enable the people in the villages and other places to realize the benefit of such savings. In that connection, Sir, if the Government authorize some of the important banks of the country like the Central Bank of India or the Bank of India, only to mention some of them,—there are so many of them which can be authorized—to issue bearer bonds which will be payable after a maturity of 5 or 3 or 7 years, that might attract a lot of money which is exercising pressure towards inflation. At present the villagers and others find it a bit difficult to invest their money in the Post Office Savings Banks and other places on account of a number of difficult processes that they have to undergo. Sometimes the clerks create difficulty about signature and thumb impression and they have to spend some money. Therefore, they are not much attractive. The banks might be authorised to issue bearer bonds and the money that goes to the bank may be compulsorily invested in Government securities of short periods which will be non-negotiable. Therefore the money will come to the Government and they will also be able to get so much money available to them for their projects; at the same time the pressure on the market will also be reduced.

I will not be long and so far as making supplies available to consumers, there are two things—cloth and food-grains. As regards cloth if Government take steps to make it possible for the mills to work three shifts that will solve the problem to a certain extent and Government may also take steps to increase the production of *khadi* in the villages by organizing the same.

As regards food production, there are both long term and short term plans and if the Government makes it possible to supply seeds, manure and also make arrangements to bring more land under cultivation, that would also give us more food and that will take away some portion of the pressure. I do not want

to take up the time of the House any more though there is much that can be said, as I think, other speakers, will be anxious to speak.

**Mr. Speaker:** If Prof. Shibban Lal Saksena is anxious to move his amendment, he may do so. As regards the agreement, it is a matter between him and the party. He may simply move the amendment; he need not read the amendment. There is the amendment and it can be taken as read. He will speak on the amendment as set out in the order paper. I will not read it; he need not read it.

**Prof. Shibban Lal Saksena:** Sir, I beg to move:

"That in the Resolution for all words occurring after the word 'forthwith', the following be substituted :

take steps to increase production and regulate distribution and expenditure by—

(a) concentrating attention on increasing agricultural production by formation of democratic village panchayats which should launch patriotic production drives to exceed targets of production which should be fixed for each village by an immediate survey by Central Government with the help of Provincial Governments. There should be introduced a system of special prizes for provinces, districts, tehsils and villages, which exceed fixed targets of production. The district officials must be given authority and full facilities to supply the needs of agriculture like bullocks, ploughs, manures, seeds, implements, wells and other irrigation facilities to village panchayats, and Government must declare that Government officials in districts and tehsils whose areas show the best production results will get promotion and rewards. Any tenancy or other laws which hamper production must be amended wherever necessary;

(b) a planned development of cottage and small and middle-scale industries on the widest possible scale within the shortest possible time. The Central Government should co-ordinate the activities of all the Provincial Governments in one comprehensive all-India cottage and small scale industries development plan whose execution it should supervise;

(c) in large scale industry, there should be a check-up of production levels in comparison to war time levels. Inventory of unused capital equipment, industry-wise and unit-wise should be made and a minimum production quota for each unit should be fixed. Substantial 'Production Bonus' to Capital such as rebate on taxation for extra production should be given;

(d) a central drive to enlist the patriotic enthusiasm of labour in this crisis should be launched. To make this fruitful and effective, provision should be made,—

(i) to supply grains and cloth at 150 per cent. of the pre-war prices in the factories on the same lines as is done in grainshops in railways;

(ii) to maintain wages at present levels;

(iii) to give substantial 'Production Bonus', but to freeze half the amount of Production Bonus earned and invest it in Government securities; and

(iv) to launch a drive for trade union unity, and introducing a suitable machinery for immediate resolution of industrial disputes; and

(e) giving effect to the other suggestions put forward by the nine economists in their report'."

Sir, this amendment is conceived in the light of the reports which have been submitted by the various economists, Government economists and others. At the very outset, I wish to say that today we have a crisis of inflation. In 1931 we had a crisis of depression. Therefore, a cycle of crises is overtaking us periodically. Our country must realise that so long as we do not have a full fledged socialist republic in our country, we cannot get rid of these crises. Therefore, I want to say that we must establish a socialist republic in our country. Then and then alone can we get rid of these crises. Otherwise, sometimes there will be depression and sometimes there will be inflation and there will be no end to our trouble.

The industrialists have mentioned that the present crisis is a crisis of confidence. To some extent they are correct. I do say that the policy of the Government should be settled and firm so that nobody may have occasion

[Prof. Shibban Lal Saksena]

to say that there is no confidence. I am sure that the party in power enjoys confidence all over the country; probably nobody else has so much confidence. Their declarations should be firm and unequivocal that nobody will be able to say that there is room for hesitation, and they may go forward to act as they want.

Coming to the various plans which have been suggested by the economists, it has been said that the main cause of the inflation is that there is too much money in the country and there are too few goods. That is true. They say that if money is curtailed, then the position will be eased. But, I personally think that while there is a lot of money in the country, the dearth of goods is very great and even if a large portion of the money is withdrawn, still the goods will not be enough to go round. Therefore, it is essentially a crisis of production and hoarding and afterwards a crisis of money being in abundance. I agree with many of the proposals of the economists for withdrawing the money in circulation; but I want that the chief emphasis should be laid more on production. I find in their report the economists have not laid due emphasis on production. Sir, I think about production, there should be both short term and long term plans. If you want to have this inflation controlled, then we must concentrate mainly on agricultural production and cottage industries. If we set about carrying out the plans which I have laid out in the first paragraph of my amendment, if we see that in every village a target of production is fixed and if the Government officials look to it that that target is exceeded and the Government gives promotions and rewards to them for exceeding the targets, I am sure much more food can be produced. I know in the Gorakhpur District, during the last year, one lakh acres of ploughed land were not sown because proper seeds were not available. Such things happen everywhere. If the course that I have suggested is adopted, and the District Magistrate is aware that he will get a reward, he will see that the quota of production is exceeded. The first portion of my amendment in which I have said that the Government must concentrate upon agricultural production is most important and this could be done to a great extent. I know the Grow More Food Campaign has failed; they have gone the wrong way. The Agricultural Department is not functioning as it should and it requires complete overhauling particularly in the provinces.

If we accept the recommendations of the economists, there is a possibility that all development plans may be held up. They have recommended that the plans should be carried out only to the extent that the expenditure on them can be met by borrowing so that there should be no inflation. I think the development plans should go on whatever the cost. *Zamindari* abolition must take place. Because unless that is abolished, no real agricultural plan can be successful. So far, the country has had three or four plans. One was the Birla Plan; the other was the Peoples Plan of Mr. M. N. Roy; then there is the Gandhiji's plan, and others. In my view, the Peoples Plan seems to be much more comprehensive and much better suited for us. In that plan, they have said that the development of agriculture should be the pivot round which the whole plan which is self-financing will revolve. If that plan is adopted, we will be able to develop agriculture both from a long term and a short term point of view. We must have big farms, State farms and Collective farms which can be run on a co-operative basis. I am convinced that other development schemes like the Damodar Valley Scheme etc., should not be stopped; they should go on and we should not grudge any expenditure on them. Of course, the minimum that is necessary should be spent. Similarly, plans for the development of water power should be taken on hand.

Then there are recommendations about freezing the Gandhi Memorial Fund etc. They have also said that retrenchment should go on. I should like to say one thing in this connection. The problem of unemployment is the most serious problem before the country and we should not add to its complexity.

We should see that the men who will be released on retrenchment should be given some skilled training so that they can be employed on productive purposes and may not add to inflation. Sir, a word about labour. Unless we are able to infuse a spirit of patriotism and enthusiasm in labour, as I have said in part (d) of my amendment we cannot do anything. It is not true that they are flowing with money. I have found that with their present income, they cannot have two square meals. I would therefore suggest that they should get food and cloth at rates which should be 150 per cent above the pre-war level. If that is done, and their present wages are maintained I think the desired result will be achieved and labour will co-operate fully in our efforts.

Sir, in the short time at my disposal, I have tried to mention a few points. In my amendment I think I have said all that I think is necessary to be done.

**Mr. Speaker:** Amendment moved:

"That in the Resolution for all words occurring after the word 'forthwith', the following be substituted :

'take steps to increase production and regulate distribution and expenditure by—

(a) concentrating attention on increasing agricultural production by formation of democratic village panchayats which should launch patriotic production drives to exceed targets of production which should be fixed for each village by an immediate survey by Central Government with the help of Provincial Governments. There should be introduced a system of special prizes for provinces, districts, tehsils and villages, which exceed fixed targets of production. The district officials must be given authority and full facilities to supply the needs of agriculture like bullocks, ploughs, manures, seeds, implements, wells and other irrigation facilities to village Panchayats, and Government must declare that Government officials in districts and tehsils whose areas show the best production results will get promotion and rewards. Any tenancy or other laws which hamper production must be amended wherever necessary;

(b) a planned development of cottage and small and middle-scale industries on the widest possible scale within the shortest possible time. The Central Government should co-ordinate the activities of all the Provincial Governments in one comprehensive all India cottage and small scale industries development plan whose execution it should supervise;

(c) in large scale industry, there should be a check-up of production levels in comparison to war time levels. Inventory of unused capital equipment, industry-wise and unit-wise should be made and a minimum production quota for each unit should be fixed. Substantial 'Production Bonus' to Capital such as rebate on taxation for extra production should be given;

(d) a central drive to enlist the patriotic enthusiasm of labour in this crisis should be launched. To make this fruitful and effective, provision should be made,—

(i) to supply grains and cloth at 150 per cent. of the pre-war prices in the factories on the same lines as is done in grainshops in railways;

(ii) to maintain wages at present levels;

(iii) to give substantial 'Production Bonus', but to freeze half the amount of Production Bonus earned and invest it in Government securities; and

(iv) to launch a drive for trade union unity, and introducing a suitable machinery for immediate resolution of industrial disputes; and

(e) giving effect to the other suggestions put forward by the nine economists in their report'."

**Shri M. Tirumala Rao** (Madras: General): Sir, there is an amendment in my name.

**Mr. Speaker:** The point is, I was told authoritatively by the Chief Whip that it was agreed that no amendment will be moved. I stated this to the House at the beginning. If Professor Shibban Lal Saksena has insisted on moving his amendment, that is a matter between the party and him. If the honourable member still insists on moving his amendment, he may do so.

**Shri M. Tirumala Rao:** I have not so far received any information, Sir.

**Mr. Speaker:** That is a matter between the honourable member and the Whip.

**Mr. E. John Philippose** (Travancore State): Sir, in rising to make my comments on the Resolution before the House I do not wish to dwell on the plenitude of alternatives that have been suggested to Government concerning the economic problem that faces us. I have had a copy of the summary of the reports of the various groups organisations and individuals, and even now various other alternatives are being suggested. So much so that from the point of view of Government this problem seems to have assumed the nature of a jigsaw puzzle or a cross word puzzle to which various alternatives have been suggested and all that remains is to put these in their proper places. I believe this attitude of Government is not correct. I was greatly disappointed with the statement that the Prime Minister made this morning. By asking for suggestions after suggestions and Government keeping quiet and collecting these alternatives you are even creating vested interests in the solution of this problem. I am inclined to think that a demonstration of vacillation and hesitation on the part of Government at this juncture is definitely not conducive to the solution of the prob'em that is before us. What I want to emphasise today is that this problem should not be viewed in isolation but should be viewed as part of the totality of baffling factors and problems that confront us. Whatever be the solutions that Government may decide on, whatever be the decisions that they arrive at, the real point is how are you going to imp'ement them? That operational side of the decisions of Government is perhaps the most in portant at this juncture; and what is the attitude that Government have towards that? Sir, I said this economic problem wil' not be solved in isolation; I said this economic problem that is confronting us should be viewed along with the moral and military aspects of the complex situation that confronts India and her peop'e today. Sir, we all know the tremendous amount of moral degeneration that set in with the war; we all know how with the introduction of control blackmarketing and lust for easy money became a normal feature. Unless this moral degeneration is removed no decision that is going to be made by Government is going to produce any results. I therefore, even before I came here, in my own State spoke of the moral rearmament of this country. That is the one thing that is essential today. If we decide on certain things to be done there must be the sanction and the good wi l of the people behind it. You must create that sense of honesty and integrity in public life, an honest endeavour to see that this sort of black marketing and dishonest attitude is eliminated. How shall we do it? The only way is to view it in the context of mass psychology, to create a national fervour. It should not be viewed in inte'lectual iso'ation; you may have intellectual solutions based on sound economic princples, but that by themselves could not produce results, unless this Government and the members of this House go out to the country and te'l the people that we must regenerate and morally rearm.

Sir, I know my honourab'e friend Pandit Kunzru has been speaking against the policy of decontrol initiated by Government. I am inc'ined to think that even Government were not intellectually convinced of its wisdom when they introduced decontrol. They introduced it more because Gandhiji who was the father of the nation had stood by decontrol. He saw all the blackness and the darkness of things, the lack of character, the 'ust for easy money; he felt that unless that atmosphere was changed, unless the controls that brought these things in their wake were changed nothing could be achieved. It was that unerring faith in the unerring instinct of our Mahatmaji that was responsible for the po'icy of decontrol. But he is no longer with us and therefore we cannot have that moral leadership, which we had from him; and in the light of that we have got to come down to earth. But when we come

down to earth let us not forget the moral values that he held aloft. And how can we solve this problem? I say this Government must tell the people of this country about the magnitude of the problems that face the country; they must tell the people of the tremendous burden of military operations that we had to shoulder, the burden of the military operations that we have yet got to shoulder. This Government have to tell the people frankly that we have got to rearm if we are going to be a powerful nation. It is in the context of these things that even the economic problem has to be solved. And therefore I suggest that it has to be viewed in its entirely along with the factors that make up the situation that confronts India and her people today. I am not making any concrete suggestions, but I want with Pandit Kunzru that the Prime Minister of India should definitely take this up and rid himself of all other responsibilities, and make an appeal to the people so as to create a response for the carrying out of the decisions that this Government make. I know that this Government have got the brains behind them and do not need any intellectual guidance. But I definitely think that the Prime Minister must give a moral lead to this country and create a moral force behind it. It is only then that the decisions of Government are going to be effective in practice.

**Mr. T. J. M. Wilson** (Madras: General): Sir, everybody is agreed that our present economic problem is low production. But when day in and day out it is dinned into our ears that it is due to the irresponsiveness and lack of a sense of duty and the strikes on the part of the labourers that there is this low production, and when in response to these protestations various remedies are suggested like the nine-hour day and banning of strikes, etc., I feel that we have forgotten the very fundamental factor of our economy which is a colonial economy. If strikes are the cause of low production what strikes are there in agricultural production? The production of our agriculture is ridiculously low, resulting on the one hand in huge expenditure on imports and in the starvation of people on the other. The reason is plain, though some seem to have forgotten it so soon, that a most heinous imperialism has created and preserved a feudal structure of agriculture and a lop-sided industry as its social and economic buttress and to keep this country dependent upon imperialism all the time. Production, agricultural or industrial, can only be increased by a radical solution, by a thorough change of this structure which our imperialist masters had left with us. And it is indeed strange that even for the most rudimentary and preliminary steps in that regard as *zamindari* abolition so much of strength and energy is wasted in pleading for what is called 'compensation' for perhaps the most valuable and humanitarian services that the *zamindars*, ever since they came into existence by the ingenious statesmanship of our British masters have done to the people of this country. It is stranger still when I see in these reports certain suggestions to drop this *zamindari* abolition for the time being, evidently because that compensation which is bound to be paid to zamindars aggravates inflation.

It is the same with industry too—it is the system of production—the system of private enterprise with its profit motive and with its master and slave relationship that is responsible for the low production. If we take the production index during the war years, when there was no control and when huge war contracts were placed by the Government of India with the capitalists, and when therefore they could make huge profits you will see that production was at its highest. As soon as controls were imposed and the war contracts stopped and when they could not secure the huge profits from the impoverished people of this country because they have not sufficient purchasing power for these goods, production fell. Of course a part of what was produced was sent to the black market but the truth is that actually production fell. The eight hour day and the strike-wave came long

[Mr. T. J. M. Wilson]

after the clear exhibition of the low production. What is the reason for this fall? It is inherent in the structure of the system of private enterprise—goods are produced for profit and there should be a market which gives these huge profits. But unfortunate y for our capitalists, our Imperialist Government had, by issuing and adding to the paper currency of the country, impoverished the masses of this country by immensely reducing the purchasing power of the people and transferring the burden of the war to the people, has thus narrowed down the market to a very small section of the wealthy and higher middle class people.

The problem today is therefore not simply too much money chasing after too few goods, as stated, but the absence of an effective demand for goods to the satisfaction of the capitalists, as a result of the absolute impoverishment of the vast mass of the people of this country. When labourers and peasants and lower middle class people have nothing to buy to eat or to clothe themselves with, it is suggested in the reports that are given to us that there is a lot of purchasing power with these starving people and that money should be withdrawn from circulation from these people by methods like freezing and saving certificates. But if you will look at the index of the prices and wages it will be clear that the real wages are far behind the prices.

The greed for profits in private enterprises is so strong that in the absence of an effective home market it seeks an outside market and hence the solicitude for foreign capital, without whose collaboration it is impossib e to secure any access to a foreign market and the consequent control of our economy by foreign capital which would well resu't in our paying only lip sympathy to the many recommendations of our national Planning Committee and to the high princip'es which our leaders so loudly professed in days of struggle.

Foreign capital not only wants removal of Tariff barriers, and equal treatment, but also it seeks to dictate to the Government of India an economic policy not only for 10 years but also for 20 or more years, besides the assurance of cheap labour and fair returns, naturally by suppression of labour, and the same sad story of high prices and starving people.

There is no wonder that suggestions are therefore made not only to curtail expenditure on nation-building schemes but also to hold up schemes like prohibition to which the Congress has been so much devoted. It is the natural corollary of the system in which we are living and our utter inability to reverse that system.

It is not as if the economic problem is an isolated one. In fact the economic problem shapes the political problem. Inflation is aggravated by the Kashmir operations and may still be aggravated by certain other more important things which are pending. This would not have been the case if the Government had not relaxed the principles of the Congress and had done more to strengthen the people who would themselves have done away with those out of date feudal mediaeval princes.

Regarding the remedies suggested, there is no doubt that control is absolutely necessary. Surplus and black-market money may be withdrawn by any of the suggestions made and profits should be definite y taxed and income-tax on agriculture may be imposed provided you remove all other taxes on agriculture. Reduction of expenditure at the top administration level and in our embassies abroad is certainly good.

But what I would emphasize is this—that whatever you may seek to do in the existing system of private enterprise with its profit motive would not solve the problem but instead would aggravate the situation and land this country into a most terrible catastrophe—in spite of the so called democratic philosophy

and high-sounding principles that are invoked in its favour. The only solution therefore is complete drifting away from this system in which we are now entangled because it is not only immoral with its greed for profit as it was tacitly confessed by some of its strongest supporters like Lord Keynes, but also because it has proved most inefficient and disastrous to the people of this country.

**Shri B. P. Jhunjhunwala** (Bihar: General): Economists, industrialists labour and all other interests have given their reports on the policy to be followed by the Government. All these reports have been out in the papers and I have neither the time to dilate on those matters which have already been discussed and published and are before the public and the Government, nor do I consider that any useful purpose will be served by my indulging in these discussions, as to by which of the means enumerated whether by means of freezing capital, increasing taxes, issuing loans at high rate of interest etc. The Government should check inflation.

There is one point, Sir, which strikes me most and that is this. Inflation is not an evil by itself if there is sufficient production and sufficient demand for the products and there is sufficient money with all classes of people to purchase the articles. But why are these things wanted? Because we have not got sufficient production. And why is there not sufficient production? If we examine this matter, we shall find that the policy which we have been following is not the right one. We have got no confidence and faith in our own potentialities. We are looking abroad for very minor things. We have lost sight of the fact that with the available means of production in our country at least for food and cloth, one could meet demand.

Secondly, there is such a thing as secrecy—when you are fighting with the enemy you have to keep things secret. You have to make out a plan and not give out that plan to the public before you have properly planned how to meet the reactions if any. Sir, since the time our Government assumed office, instead of allowing things to go on and waiting and seeing how they progressed, they began to discuss and fight on theories as to whether there should be nationalization, whether there should be private enterprise, whether there should be abolition of *zamindari* and this and that.

When I say this I want to make it clear that I am not against nationalisation nor am I against the abolition of the *zamindari* system; provided the nationalisation and the abolition of *zamindari* and other vested interests will ultimately lead to the happiness of the people. What I mean to say is that before you abolish the *zamindari* have you made out a plan so as to have more production. How are you going to benefit the cultivators who will directly come under you instead of remaining under the *zamindars*. All these things we have to think out before but we begin discussing nationalisation and many other things instead of doing the proper thing. We simply indulge in theories. If at least private industries were allowed to go on, in the way the same was going on for sometime, I am inclined to think, we could have got some production. Thereafter, after strengthening our hand we could have by and by nationalised the industries. Similarly in the case of other things.

As for looking abroad, it was in 1946 that the last British Finance Minister made it clear that all the means of production in this country have been worked to their last edge and there are no spare parts or anything of the kind available to be put into the existing machineries to maintain them in proper working order. So far as the question of capital goods is concerned you cannot expect anything from abroad for years to come. That is what he said. We have been trying since to get capital goods from abroad but we have not been successful. When our Finance Minister went to England for negotiating the

[Shri B. P. Jhunjhunwala]

sterling balances we had expected that something would be done in this regard, that some condition precedent will be imposed, *viz.*, that in exchange for these sterling balances we must have so much of capital goods. But we fai'ed. We could not get the capital goods, nor are we utilising our own resources

Sir, I require few minutes more to complete my point I have raised.

**Mr. Speaker:** I must be very strict in rationing time now. It has become an anti-inflationary measure! In view of the number of honourable members who wish to speak, I find that it is not possible to reach the whole list or even to call the members who are trying to catch my eye. I therefore propose to extend the session by half an hour. Even then, I do not know whether I shall be able to meet the wishes of a l but I shall try my best. This will mean that I shall be calling upon the Honourable Minister to reply at 3-45 P.M. and the Mover of the Resolution to reply at 4 P.M., so that we go up to 4-15 P.M. Then from 5-30 P.M. instead of till 6-30 P.M. we shall sit till 7 P.M.

**Shr. Mahavir Tyagi** (U.P.: General): Is there any chance to speak for those who are not on the list?

**Mr. Speaker:** Oh, yes.

**Shri H. V. Kamath:** Sir, though my name is on the list I do not propose to speak.

चौधरी रनबीर सिंह: माननीय अध्यक्ष महोदय, मैं आरम्भ में अपने मन्त्रिमंडल के प्रति किसानों की तरफ से कृतज्ञता प्रकट करना चाहता हूं । मैं समझता हूं कि यह देश एक कृषि प्रधान देश है । । जिस ढंग से आज हाउस के अन्दर बातें कही गई हैं और जितनी खतरनाक हालत बतलाई जाती है मैं नहीं समझता कि हालत इतनी खराब है । इस देश के अन्दर ६० या ७० फीसदी आदमी अनाज पैदा करते हैं । इस तरह जहां तक अनाज का सवाल है वह ६० या ७० फीसदी लोगों के लिए तो हल हो ही जाता है । बाकी कपड़े का सवाल रहा । उसके बारे में हाउस के अन्दर यह ऐलान कर ही दिया गया है कि तमाम कपड़े को फीज़ (freeze) कर दिया जायगा और कंट्रोल्ड प्राइस (controlled price) पर तकसीम किया जायगा ।

अब जो सवाल बाकी रह गया है वह २५ या ३० फीसदी का कहा जा सकता है । मैं तो इसको दूसरे ढंग से समझता हूं । यह आवाज जो देश के नाम पर उठाई जा रही है यह उन लोगों की है जो कि वोकल (vocal) है जिनके पास अखबार है । इसमें कोई शक नहीं कि उनके लिए मुश्किलात हुई हैं और यही वजह है देश मे जो शोर है उसका कारण यही है कि जो भाई बोलता है वह देश का नाम लेकर बोलता है । लेकिन देश सिर्फ पढ़े लिखे आदमियों तक या मिडिल क्लासेज़ (middle classes) तक महदूद नहीं है । इस देश को चार हिस्सों में तकसीम किया जा सकता है । एक इंडस्ट्रियल लोग—ऊनके ऊपर कोई आफत नहीं है । दूसरे मिडिल क्लासेज़ या पढ़े लिखे लोग हैं जिनकी फिक्सड (fixed) तनख्वाहें हैं इसमें शक नहीं कि उनके ऊपर आफत है । तीसरे मज़दूर

है । जहांतक देहात के मज़दूर और हाथ से काम करने वाले मज़दूरों का सवाल है वह बहुत आराम से ह। एक बढ़ई आज आसानी से पांच रुपये रोज़ कमा सकता है, एक लुहार भी रोज़ाना आसानी से पांच पये कमा सकता है जो सन् ३८ या ३९ में मुश्किल से चार आना या ांच आना कमा सकता था । और खेती का मज़दूर आसानी से दो तीन रपयं रोजाना कमा सकता है। तो जहांतक मज़दूरों का ताल्लुक है उनका भी मसला हल हो जाता है । अब बाकी रहे किसान । किसानों के बारे में मैंने आपसे अभी निवेदन किया था कि किसान तो अनाज को पैदा करता है इसलिए अनाज का तो उसके लिए कोई सवाल पैदा नहीं होता । दूसरी चीज़ कपड़ा है । कपड़े का गवर्नमट ने इन्तज़ाम कर दिया है और मैं उम्मीद करता हूं कि वह एक बहुत अच्छे ढंग से और जायज कीमत पर उन तक पहुंच जायेगा । तो देखना यह है कि देश के अन्दर क्या आफत आ गयी है और क्या इन्कलाब आ गया है । जिसका इतना शोर है। मैं समझता हूं कि अगर इन्कलाब है तो वह सिर्फ मिडिल क्लासेज (middle classes) या फिक्स्ड (fixed) तनख्वाह वालों तक ही महदूद है । म मानता हूं कि मिडिल क्लासेज़ (middle la ses) ने हमेशा हर एक मल्क में काफी बड़ा पार्ट अदा किया है । लेकिन देश के नेताओं को यह नही भूलना चाहिए कि देश की रीड् की हड्डी कौन है । वह किसान हैं । आज किसान देहातों में हैं । आप शहरों में इन्फलेशन (inflation) की बीमारी देखेते हैं पर अगर आप देहात में जायं तो आपको तकलीफ नही मालूस देगी न वहां कोई तकलीफ है और न वहां यह मालूम होता हैं कि देश में इनकलाब आने वाला है । बल्कि वह लोग खुशहाल दिखाई देते हैं । जैसा मैंन आपसे अर्ज किया कि अगर थोड़ी तकलीफ है तो वह मिडिल क्लासेज़ (middle classes) तक ही महदूद है । उनके लिये सारे देश सें चीप रेट ग्रेन (Cheap Rate Grain) की दूकानें खुली हुई हैं । मैं समझता हूं कि यह मसला और भी आसानी से हल किया जा सकता है अगर हमारे माननीय रेल मंत्री लोगों की सहायता करें । श्री भट्ट ने कुछ दिन हुए कि हाउस को याद दिलाया था कि बीकानेर के अन्दर चने सड़ रहे हैं । मैं भी मंत्री महोदय को यह बताना चाहता हू कि जीन्द स्टे. के अन्दर, दादरी के अन्दर जितना आप चना चाहें हासिल कर सकते हैं । मैं आपको मिसाल देना चाहता हूं रोहतक की जो कि यहां से ४४ मिल दूर पर है। वहां आप साढ़े नौ रुपये मन चना हासिल कर सकते हैं । मगर यहां पर चना १४ रुपये मन भी नहीं मिलता है । इसमें कोई शक नहीं है कि पंजाब गवर्नमेंट की लाने पर कुछ रेस्ट्रिक्शन्स (restrictions) हैं पर इसके बावजूद भी इस चीज़ को नज़र से ओझल नहीं किया जा सकता कि इस मामले में जो सबसे बड़ी जिम्मेदारी है वह ट्रांस्पोर्ट (transport) की है । जहांतक जींद स्टेट और पटियाला यूनियन का ताल्लुक

[ चौधरी रनबीर सिंह ]

है म बतलाना चाहता हूं कि वहां हजारों मन गल्ले को बाहर भेजने के लिये परमिटा दिये हुए हैं लेकिन चूंकि ट्रांस्पोर्ट के लिए उनको गड्डे (वेगन) नहीं मिलते इस वजह से यह आपत्ति है।

अब म आपको फलों के बारे में भी बतला देना चाहता हूं । नागपुर के अन्दर सन्तरों की एक वैगन आठ रुपये में नीलाम होती है और दिल्ली में आपको एक दो और चार आने में एक संतरा नहीं मिलता है । तो यह जो आपत्ति दिखाई देती है इसका बहुत कुछ हाल ट्रांस्पोर्ट के मिनिस्टर साहब से मिल सकता है । मैं एक और नम्र निवेदन करना चाहता हूं कि पिछले साल गवर्नमेंट ने शहर के लोगों को सस्ता अनाज बेचने के लिए साढे २२ करोड़ रूपया खर्च किया और मैंने अभी पिछले सेशन में आपसे निवेदन किया था कि देहात में २४ रूपये से ४ रुपये गुड़ आ गया । जब गुड़ का भाव इतना गिर गया तो आसमान नहीं टूट पड़ा. तो आज मेरी समझ में नहीं आता कि अगर गेहूं का भाव १६ रुपये मन से २४ या २५ रुपये मन हो गया तो किस तरह से आसमान टूट पड़ेगा. तो मैं ज्यादा न कहते हुए चूंकि हाउस के पास समय बहुत कम है केवल यह नम्र निवेदन करना चाहता हूं और अपने मंत्रीमंडल को यह विश्वास दिलाना चाहता हूं कि देश के अन्दर कोई खतरनाक हालत नहीं है । यह देश किसानों का देश है । किसान सन् ३९ और ४० के निस्बत आज बहुत आराम में हैं। अगर किसान खुश है तो देश भी खुश है । और दूसरी बात में यह कहना चाहता हूं कि अगर आप भाव गिराने के लिये कोई एक्शन (action) लेते भी हैं तो आप इस बात के लिए भी तैयार हों कि जिस वक्त अनाज के भाव गिरें तो उस वक्त आप किसान का अनाज उसी भाव से खरीदने का विश्वास दिलाये जिस भाव से उसके घर पड़ता है ।

(*English translation of the above speech*)

**Ch. Ranbir Singh** (East Punjab: General): Mr. Speaker, Sir, first of all I would like to express gratitude on behalf of the agricultural community to the Cabinet Ministers. I know that India is predominantly an agricultural country. It appears that the situation is not so grave as has been made out in this House to-day. Sixty or seventy per cent of the people in this country grow foodgrains and to that extent at least this problem is solved. Now remains the question of c'oth. In regard to that an announcement has already been made in the House that the entire stock of cloth will be frozen and then distributed at control price. What remains to be done now is to tackle the problem affecting the twenty five or thirty per cent of the people. I take it in the other way. The cry raised in the country comes from those who are vocal and who have access to the Press. There is no doubt that they had to face difficulties on account of which all this hue and cry is being raised in the name of the masses. But the country does not consist only of the educated and middle classes. It can be divided in four classes. Firstly, industrialists —they are not gripped by any calamity. Secondly, the salaried middle and educated classes who have got fixed income and there is no doubt that they are in great difficulty. Thirdly, the labouring class—so far as the labourers employed in villages and the manual workers are concerned, they are living comfortably. A carpenter and a black-smith who could hardly earn -/4/- or -/5/- during the years 1938-39 can to-day easily earn Rs. 5 per day. A labourer employed on the field-work can easily earn Rs. 2 to Rs. 3 per day. So the problem is solved inasmuch as it relates to the labourers. Now remain the

agriculturists. In regard to the agriculturist community, I had just stated that a cultivator grows foodgrains, and therefore, the question of its supply in his case does not arise at all. The other commodity is cloth in regard to which Government have already adopted necessary measures and I hope that this would be distributed in an equitable manner and at reasonable prices. The cause of all this upheaval in the country which is responsible for all this dissatisfaction has to be investigated. If there is dissatisfaction it is only confined to the middle classes or those who are in receipt of fixed salaries. I admit that the middle classes have always played an important role in every country, but the leaders of the country should not ignore the fact as to who form the backbone? They are the agriculturists. They live in the villages. You find the evil of inflation prevalent in the cities, but if you happen to go to villages, you will not feel any difficulty there. Neither there is any trouble nor any signs of the impending revolution in the country. On the contrary those people look to be prosperous. I have stated that if there is any difficulty that is confined to the middle classes only. For their benefit shops for the supply of foodgrains at cheap rates have already been opened throughout the country. I think that the problem can be solved more easily if the Honourable Minister for Railways is ready to help the people.

My honourable friend Mr. Bhatt reminded the House a few days ago that grams were rotting in Bikaner. I would also like to inform the Honourable Minister that in Dadri in the Jind State you can procure as much quantity of gram as you like. I would like to cite an instance of Rohtak which is situated at a distance of only 44 miles from this place. There you can get gram at a rate of Rs. 9/8/- per maund, but here it is not available even at a rate of Rs. 14 per maund. There is no doubt that the Punjab Government have imposed some restrictions on its export but in spite of this, this fact cannot be overlooked that transport is mainly responsible for this state of affairs. So far as Jind State and Patiala Union are concerned, permits for the export of thousands of maunds of foodgrains have been issued, but owing to the lack of wagons for transport, this difficult situation has arisen.

I would like to say something in respect of fruits. In Nagpur, a wagon containing oranges is auctioned for Rs. 8 and whereas in Delhi, you cannot get one orange for -/1/-, -/2/- and -/4/-. This difficult situation can be considerably eased through the help of the Honourable Minister for Transport.

With all the humility, I would like to make another submission. During the last year the Government spent twenty two crores of rupees for the supply of foodgrains at cheap rates to the people living in the cities and during the last session the price of *gur* came down from Rs. 24 to Rs. 4 in the rural areas as I have already stated. Heavens did not fall when the price of *gur* came down so low. I, therefore, really fail to understand what calamity will befall if the price of wheat rose from Rs. 16 per maund to Rs. 24 per maund? Therefore, without taking any much time of the House, I would only submit this and assure our Cabinet Ministers that there does not exist any alarming situation in the country. This is an agricultural country. The agriculturists are to-day living more comfortably than in the years 1939 and 1940. If the cultivators are happy, the country will also prosper. Another thing which I would like to say is that if you at all resort to any action for bringing down the prices, then in that eventuality you should also be ready to give an assurance to procure foodgrains from the cultivator at a price at which it costs him.

**Shri T. A. Ramalingam Chettiar** (Madras: General): Mr. Speaker, Sir, we hear a large number of people referring to this matter as a very critical one. To me it appears to be putting the matter a little too high. What is the position at the present moment? The prices have gone high. They have gone

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high openly because controls have been removed. But what was the position before the controls were removed? Except to the extent where the transactions were open, under the direction of the Government and their agents, the black market—so called—always registered much higher prices. The ordinary price in the Coimbatore market for a bag of rice when the control was in force was Rs. 55 in the black market. At the present moment it is Rs. 35 to 40. Of course it is open. That is the only difference. The control price, in the old days was Rs. 20. Compared to that control price the present prices are of course very high, and we are now aghast simply because these are prices openly announced and openly recognised. When the black market was ruling in the country nobody could say exactly how the thing was, and this idea of inflation and all that was never talked about.

The second point which has struck me in the whole situation was this. All our lives we have been thinking of giving more purchasing power into the hands of the poorer classes and the lower middle classes. Now for once they have got this purchasing power. The moment they have got that purchasing power we are now proposing to freeze that power. To say 'they should not have that power, take away from them what they have' seems to me to be a very unfortunate state of affairs.

Again, what is taking place? We have been asking for social services, and some of the Provincial Governments have got their own plans of social services. Now we are advised that all these social service schemes should be given up and that all this expenditure which is not productive—I suppose in the sense that it does not give rupees, annas and pies in return—should be stopped. This is one of the things which I for one cannot understand. There is no doubt that the prices have risen, and probably, looking at the thing in the ordinary way, people with fixed incomes—not the other people—find it difficult to get their needs. But what is the remedy? The remedy ought to be to supply what they want, to arrange for the supply of these things.

Sir, a lot has been said about controls and decontrol. What was in existence before? Not regulation of production, not any attempts at production—except giving assistance for what is called the 'Grow More Food Campaign' and all that—but it was all a control of distribution. You can only distribute what you have got. That is not giving more goods for the use of the people who want them. We have to attack the question from the other point. We will have to deal with it from the production point of view. We will have to increase the production. And we have to regulate the production. We have to give some priority to those things which are first. For instance, in regard to production, the main thing is food. What are we doing in that respect? My honourable friend the Minister for Agriculture has spent crores of rupees for the 'Grow More Food Campaign'. So many wells are supposed to have been dug. I do not think people who know the country can say that even half the number—40 to 50 per cent of the wells that have been planned have been actually dug and that they are in a position to serve at the present moment. Well, even with these wells what has taken place? Have foodgrains been produced with the help of the wells that have been dug? The figures will show that it is the industrial crops that have increased in acreage throughout India. Taking my own Province—Madras—we have got a very large number of wells dug. Under every one of those wells it is either cotton or groundnut that is grown. The actual increase in the acreage under foodgrains is negligible.

Again, what has been done with reference to this food question about which we have been talking such a lot? We have never tried to regulate the food supply with the production—with the possibilities of production in the country

itself. We have been getting foodstuffs in large quantities, paying sometimes three and sometimes four times the price that ought to be given or that was in force before. But we never cared to regulate the production in the country itself. Take my own Province of Madras. The actual deficit of grains is 10 per cent. The acreage under cultivation in the whole Province is 14 million acres out of which 10 million acres produce food grains; the other 4 million acres produce what are called industrial crops. Sir, I put the question to the Agriculture Minister: if only he makes it a point to have crop control and enforces production of food grains, of at least one crop in three, that is to say if once every 18 months every acre of land gives food grains, then, Sir, the gap of my Province, the 10 per cent, is covered. Was any thought spent on matters like that? I do not think it has been thought of—at any rate nothing has been done.

Then, agricultural improvement has been talked of. What is happening in my Province is this. We have not got enough manure and the little manure that we have is being distributed by the agricultural men. These agricultural men who are supposed to work for the advancement of agriculture, are keeping shops, they are running shops, they are doing nothing else. As the Chairman of the Reorganisation Committee of the Madras Government, I went into the question of the present set up of the Agricultural Department. I was told there are eight Deputy Directors of Agriculture looking after these shops. They cannot be abolished simply because of these shops—otherwise they had no work to do. That is the sort of way which these technical men who were trained for agricultural work are being utilised. If only steps were taken to utilise these men for the purpose of producing seeds, distributing seeds and also advising with reference to manures, it will be very helpful.

Sir, I may say there are a lot of manures in the country itself which can be utilised. I was hearing a lot in the olden days about fish manure which was being utilised for several crops. I do not hear anything about fish manure in these days. There was a lot of propaganda done and a lot of fish manure from the West Coast was used in those days. Nothing is done now. Then there is the green manure about which also we talk. There is no systematic effort made in this direction. It was only within the last one year, I think, that the Director of Agriculture was making plans for having these green manures grown. The trouble was that in waste lands which can be utilised for the purpose of growing these green manures, there is no water available; no water is given—not even a single watering—for these green manures. These are matters which ought to be tackled so that production may increase and that increased production may be turned into the channels in which we would require them.

Sir, one or two words more about industry. The same thing happens in industry. Take for instance the cloth production. What is happening? I am glad Mr. Khandubhai Desai drew attention to that. Finer counts are spun in many of these mills. If only you turn it into coarser counts the production can be increased considerably, probably by about 100 per cent. Has that been done? We are so soft to these industrialists who earn large profits. Of course I do not deny I am myself a little bit of an industrialist and I know the difference between manufacturing coarser counts and finer counts. Production can be increased by about 100 per cent by producing coarser counts instead of the finer counts, but still we are allowed to go on as now.

Again, why should they be so chary of increasing the shifts and having a third shift? We have in many places three shifts working. Why should the Government not regulate these?

[Shri T. A. Ramalingam Chettiar]

So, I think, Sir, the solution for our troubles is not restricting the use of money, is not introducing control with reference only to distribution, nor is it freezing of funds and things like that. It is supplying more goods and arranging for distribution of these goods in the proper channels by studying the channels and doing it. As has been said by one of my friends there, we have got so many plans and we are speaking so much, but the actual implementation and doing of things is very little. It is more of what we are actually doing that is wanted, rather than making plans and talking here and elsewhere.

**Kazi Syed Karimuddin** (C. P. and Berar: Muslim): Mr. Speaker, Sir, it is not necessary for me to speak at length on the causes of the rise in prices; there has been a great deal of discussion in this respect. My opinion is that there is no reason to be panicky because after all it is a National Government, and if the House decides about any measures to be adopted for the decrease in prices, they are bound to be accepted.

The Resolution lays down that a Commission should be constituted to investigate into the causes. In my opinion there is no such reason to constitute a Commission because the facts and figures are known to the Government. Mr. Lari has moved an amendment which lays down that the findings of such a Commission should be accepted; if they are perverse they cannot be accepted; therefore there is no question of that amendment being accepted. One lady Member of this House was so much disgusted with the democratic institutions in this country that she said she wanted a dictator instead of a democracy.

The point which I want to make is this. The present rise in prices is more due to the defective policy of the Finance and the Industries Departments than anything else. I admit there are causes which are beyond control, but there are special causes which have led to the rise in prices and one of them is the defective policy of he Finance Department. We have been criticising from the very beginning—that the principle of indirect taxation must be given up, or that the principle of indirect taxation should not be resorted to in every respect. The result of indirect taxation is that the prices of commodities which are essential for the poor people, for the common man in the street, like tobacco and so many other things have gone so high that it is not possible for the ordinary man in the street to purchase these articles.

Secondly, the black market money that has been acquired by the industrialists has not been tapped. In the last Budget we very forcefully brought it to the notice of the Finance Department that the rate of business profits tax should not be reduced. It was stated that it was an incentive to industry and that production would increase. The Finance Department policy was not to tap the capitalists but to allow the war-earned increments or the war-accumulated wealth to remain with them. We have found that the piles of notes with the capitalists are there, the purchasing power has not decreased; production has not considerably increased. Therefore, my submission is that Government should withdraw the money in possession of the capitalists or the industrialists with a view to use that money, for the nationalisation of the industries.

The Government has only tried to lay down the economic policy for ten years, assuring these private enterprise people that they would not be touched. Inspite of the fact that we have given them a concession in the business profits tax, production is not increasing. Why,—because they say that labour is not co-operating. We are giving them reduction in excess profits tax but it is not possible to have capital equipment. Therefore, the first duty of the Finance Department is to

tax the war accumlated wealth, and to withdraw from circulation that money which has been accumulated by the industrialists.

Then, the Finance Department has committed a very great blunder in appropriating Rs. 5 crores from the Railway Budget surplus. Transport which is defective today is due to the fact that the Finance Department has taken away these Rs. 5 crores, which would have been spent on repairs and on purchase of locomotives. If this had not been done, the condition of the Railways would not have been as it is at present.

Then, although we wanted to take away some of the accumulated wealth by the imposition of an Estate Duty, even that has been shelved. Therefore, on the one hand the capitalists wealth is not reduced by any masure by the Finance Department and on the other they are allowed to escape the axe of taxation. So my suggestion is that with a view to fight out inflation, the Government should levy a capital levy or they should have excess profits tax in order to reduce and withdraw money from circulation.

Then, Sir, the argument of the then Finance Minister was very fallacious. He said that reduction of the rate of business profits tax will increase production. It has not increased production. I had warned and others also had warned that capital goods cannot be obtained, so the Government should see that triple shifts should be allowed to work in idustries. There is no other go except that.

Another defect of the Finance Department is the deficit financing. Instead of taking money away from the capitalists by taxation, they allow deficit financing with a view to support and finance nation building programmes. Nation building programmes are a necessity, but deficit financing is a positive disservice to the country. My submission is that either take away the money from the capitalists as you require money for nation building purposes or immoblise the capital and pay interest on those deposits at a future date.

The greatest stigma on the Government is about cloth distribution. It was stated on the floor of this House that in case there is a breach of faith on the part of the capitalists, or the industrialists, Government would take action. What action has been taken? Have the licences been cancelled? It is an open secret that the industrialists who deal in cloth and who distribute cloth have committed a breach of faith and a very severe action ought to have been taken against them.

Lastly, I give a note of warning about the fixation of the prices of foodgrains. I am a cultivator myself. In rural areas the cost of production is very high because of the agricultural labour. Instead of decreasing the prices of foodgrains, my submission is that the Central Government should give a subsidy of Rs. 15 crores to the provinces instead of Rs. 4 crores for purchasing the produce and setting up Government shops.

With these words, Sir, I close.

**The Honourable Shri Jairamdas Doulatram** (Minister for Food and Agriculture): Sir, I feel that the present is one of those occasions when for the time being the usual distinction between the Government and the rest of the House or between the Government and the Opposition should be extinguished.

**An Honourable Member:** A very good idea.

**Mr. R. K. Sidhva** (C. P. and Berar: General): But it is too late.

**The Honourable Shri Jairamdas Doulatram:** We are facing a situation which, I would not say, is critical, but yet it is one which needs plenty of hard

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thinking and there is no doubt also, plenty of quick action. What those steps would be which have to be taken, it is impossible to state today, as has been indicated by the Prime Minister.

[*At this stage, Mr. Speaker vacated the Chair, which was then occupied by Mr. Deputy Speaker (Shri M. Ananthasayanam Ayyangar).*]

It is not during the last two or three weeks only, but for some little time past that the situation has been under some kind of examination. As you will find from the graphs and the statistics which, so far as food is concerned, have been placed before you, the prices had, round about the middle or third week of April, reached a certain level which was lower than the level in February. But from about the middle of April the prices again began to rise and it was felt necessary in June that if this rise in price is going to be maintained, some kind of close investigation of the matter and some remedy that may be necessary would have to be considered. A special investigation of the food prices was conducted in U. P. and Bihar and the results of that close investigation, during the course of which officials, Merchants' Associations, producers and other were interviewed and an attempt was made to find out which were the abiding causes of the rise in prices and which were local or temporary causes, was embodied in an interesting report submitted to us. We felt that before any further step could be taken, it was necessary that even this report, though of a specialists, ought to be fully examined by other economists whom we have in the Government. Therefore, early in August, before the session commenced, an examination by the economists of the causes of rising food prices and the remidies had been concluded and the ground prepared for a general review of the rise in prices of all commodities. I am suggesting this to indicate that there is no queston of any blind optimism and I would venture to say that there is also no question of any self complacency. There is, on the contrary, an ever-anxious attitude to watch the events from day today and take every step that is necessary in the interests of the people. Though it might appear as if more time has been taken than necessary, I have no doubt that when this matter is further considered it will be appreciated that hasty decisions may possibly be worse than no decisions. I will not labour this particular point any further.

But there is one other aspect and a very important aspect which has come out in the course of this discussion and I thought it would not be proper to sit silent, because I think it affects the fundamentals of the whole position. The reference is to our food production. Agricultural industry is not only our basic industry, it is also the largest national industry and if we for the time being deal with this in a spirit of selfintrospection and as I said forget for the moment that distinction between the Government and the House, I think we would all agree that it should have absolutely the first priority and we must do the best we can to increase the agricultural production of the country. On that alone can be built up any further development, whether industrial or other. I am therefore generally in sympathy with what Honourable Mr. Chetty was saying as to the backward condition of agricultural production. I would also venture to say something in reply to a remark let fall by one of the members that all the money which spent for the Grow More Food Campaign went into the drain. I want to clear one misunderstanding which I find continually recurs. The Grow More Food Campaign is the name associated with the campaign for production of more food from 1942 or 1943 to 1947. Most of that time our predecessor Government ruled the country; most of that time Section 93 Governments ruled in the provinces. It is not possible for the present Government to take up the responsibility for what was done or what was not done in the course of those 4 or 5 years, but as you know, my predecessor, Dr. Rajendra Prasad, in his time, set afoot a proper

development scheme based on definite quotas fixed for provinces in contradistinction with what used to happen before when *ad hoc* proposals came from provinces for detached un-co-ordinated schemes and they used to be supported and financed by the centre. Dr. Rajendra Prasad tried during 1947-48 to plan out on some methodical basis. We have only now in the month of June and July begun to receive the reports from the provinces as to the result of that one year's effort. But still I can frankly state that I am not satisfied with the progress which the country is making in regard to agricultural production, least of all in regard to production of food. But as I said, let us examine the thing in a mood of self-introspection. First of all, though in a way, it is I, think, a good sign, the central executive is being repeatedly asked to take up more responsibility for agricultural production, but yet the fact is that Agriculture is a subject which is almost entirely within the purview of the provinces and many of the things which members of the Assembly bring up here with regard to acts of omission or commission relate to the provinces. It is difficult from here to answer for them or to regulate them. The gentlest effort at co-ordination is the utmost that is possible under the existing constitutional position of the Central Government in regard to Agriculture, but apart from this constitutional point, let us see what we are doing for Agriculture, and compare it with what other countries are doing for developing their Agriculture.

I had occasion during the Budget session to refer to the fact that while America was spending from the Federal Budget Rs. 80 per person for agricultural development, we were spending only 1 anna under our own Central Budget out of every Rs. 100 we spend on all subjects, only 12 annas are allocated for Agriculture. When we study in detail the mechanism which is set up for agricultural development in those countries, what do we find? A huge number of trained staff linking up the Centre with the remotest village, men of knowledge moving about among the agriculturists, conveying to them the results of research experience conducted at various Institutes, coming in day to day contact with them, telling them of the mistakes they are making in their agricultural processes, supplying to them their every day's need of technical aid, in short acting their as their guides, philosophers and friends. I have no doubt that unless we are able to set up in this country a very wide spread machinery involving certainly more expenditure and to some extent involving waste—that cannot be helped and here and there probably we may have some men not up to the mark—but on the whole, and by and large, unless we put forth far greater effort in regard to agricultural development there is no future for the country. It is only after the development of agricultural production that with increased wealth our further national progress would be possible. Therefore, whether it is a question of more money or more staff, unless our energies are more directed towards that objective, I am afraid our path before us will not be smooth. As the Honourable Mr. Chetty said, well, it is alright planning, but things must be done, this is only too true. But after all any Government, any Cabinet, any Ministers can only issue orders, can only sanction plans, who is to execute them? who is to carry them out? It is the people represented in the non-official world or their cousins, the people represented in the official world. It is only when the people are determind to carry out and execute what is planned that anything is possible. May I give one single illustration from which no other inference need be drawn. An Indian friend, a few years ago, went to one of the European countries. On arrival, his host telephoned to the nearest rationing office; giving him the name of the visitor who had come and the number of days he would stay and asking for the ration card. Within half an hour a man came from the rationing office to the house of the host and handed over the ration card and after that took the application from the host. Right action by thousands had enabled the

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rationing office to rely upon verbal instruction even on a telephone and the spirit of service also permeated the official work. This single instance, which I do not want to elaborate indicates the method in which the public and the method in which the official world function in some countries. It is only when it is found that the people are obeying the law and the official world is obeying the law that the Government is able to act. I am not referring to the entire official world. As my honourable friend the Finance Minister said there would be some black sheep, but we have to take note of the fact that no plan, no scheme can work unless the fullest co-operation is possible from the people. I think our own sister honourable Mrs. Ray struck the right note when she said that unless that co-operation is available, we may chalk out in the course of the next two or three weeks the finest plans, but I am afraid they will not result in a complete success. If today's debate has to serve any purpose, the best purpose it can serve is to create an atmosphere in the country for this co-operation which is the key to the whole situation.

**Mr. R. K. Sidhva:** The Honourable Minister referred to the co-operation of the public. The Standing Committee of the Food Committee was very anxious to help the Honourable Minister. Letters were written to call the meeting in the month of May when the prices were soaring high; several questions were put at the meeting; ultimately when the meeting was called, the situation was reviewed and the Honourable Minister gave a very rosy picture and the members were prepared to co-operate but I can tell you from my experience, Sir, that the co-operation was not forthcoming.

**The Honourable Shri Jairamdas Doulatram:** All that I can say that the meeting was not called at once as I had to consult not one member, but several members. The prices having continued to rise in June we sent out our officers for the detailed investigation of the prices in the month of July.

**Pandit Govind Malaviya** (U. P.: General): Sir, before I come to my task of this afternoon, may I say a word to express my sense of privilege and joy, on this chance of opportunity of being the first member to stand up and say anything before this House under the Chairmanship of our own old colleague, our great friend, our ablest adviser and one of our oldest and most experienced member namely, yourself, Sir. It is a privilege I very greatly value. You have been with us as a fellow member so long, we have known your qualities, both of head and heart, your courteous manners and sweet temperament so well that one feels a little awkward to speak of them. And yet, Sir, our joy and satisfaction are so universal and so genuine that I think I would be failing in an obvious and very pleasant duty and missing an opportunity which I am sure every one of us would highly value, if I were not to offer to you the felicitations and the tribute of every member of this House.

**Kazi Syed Karimuddin:** Has the resolution been withdrawn, Sir?

**Pandit Govind Malaviya:** Sir, coming to the debate which we have had in this House for two days now, I am happy that my task of replying to it even though it may be slightly less exhilarating, is less unpleasant than the usual task of replying to debates, because of the very simple fact that as the Honourable Food Minister has pointed out, on this issue, there is no real difference of opinion between any two sections of the House. We have had different arguments to advance; we have had different approaches to make to the subject. But, in the ultimate analysis, Sir, every one of us has agreed that something has to be done and has got to be done fairly quick to ease the situation that prevails in this country. It was on the 11th of August, Sir, that I had the privilege of moving before this House the resolution which I did. Twenty three days have gone by. I regret, every one will regret, the

Government regrets, that no conclusions have yet been arrived at, no decisions have yet been taken. But, we know, Sir, that the Government is giving its closest attention to the matter. The speeches of the Honourable the Prime Minister and the Honourable the Minister for Food are proof of it. We know we can trust to them to do the needful in this matter.

In the meantime, while it was my intention to raise the subject in this House with a view to have some speedy relief for the people, unfortunately, some new complications have arisen. I hope we have not unwittingly been the cause of injury rather than relief. I am glad that the Honourable the Prime Minister made the categorical statement, this morning, to clarify things and to state emphatically that the Government had no idea, not only that they had no idea, but that the Government was definite that there was not going to be any demonetisation of the 100 Rupee note, and that the Government had no intention of freezing any Bank deposits. These may appear to be small matters; but upon that statement probably will hang the well being of the entire financial structure of this country. We were playing with fire, Sir. On account of the various suggestions that were appearing in the newspapers from day to day, our people were becoming panicky, and were making runs upon the Banks to ask for hundered rupee notes to be exchanged into smaller denominations, and for withdrawing their deposits. It might easily have led to a terrible crisis. I am glad that statement has been made and I hope, Sir, that that danger is now averted.

Sir, a great many proposals have been made to deal with the problem of inflation and of high prices. We have had the memorandum of the industrialists; we have had the memorandum of the economists, both official and non-official. We have had the memorandum on behalf of labour and we have had so many other proposals. They are all proposals which have to be considered most carefully and then decisions arrived at. But, Sir, about all these different proposals, there seems to be no unanimous opinion either among the lay men or among the legislators or among the scholars, experts or financiers.

Sir, during the course of the debate in this House, we have listened to the view from some quarters that it was a grievous blunder on the part of the Government to have gone in for de-control in December last. The cry has been raised that we must now go back full gear to the old control days. I wish to submit, Sir, very respectfully that if by the panic of our present difficulties we are hastily led back into something which we gave up after mature consideration—I do not at all agree that it was done for any sentimental reasons,—something which was done after the most careful and mature consideration, if we go back into the same mirage, I am afraid, we will have sounded the death knell of all possibility of our improving the situation in this country. What did we do in the control days, Sir? No doubt, we covered 143 millions of our people. But what were we doing to these 143 millions of people?—giving them eight ounces or ten ounces of food grains. Will anybody in this House be able to say that for the average man eight or ten ounces can suffice? We are not in England; we are not in America; we are not in Australia where people have been well fed and have had good sustenance in the past with the result that they have some reserve strength in their body. Our people have been semi-starved. For them to have been asked to live on eight ounces or ten ounces a day was a terrible irony. The result was, Sir, that while rationing and control were there, every one of these men—and I ask the members of this House to put their hand on their heart and to say to themselves honestly as to how many of them and their families were able to manage with eight to ten ounces which were allowed—*(An Honourable Member*: "You are so precise".) Yes; I am so precise because I have talked to dozens

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of members here and elsewhere, I have talked to Government officials and heads of institutions and I know that it is physically impossible for anybody—I am not talking of individuals, I am not talking of one or two exceptions, I am talking of families,—impossible for the people anywhere to manage with that much of rationed food grains. What was the result, Sir? Everybody had to go out to buy in the black market. It may be very good for us to pose that we did not do that. When one saw his wife and children, his father and mother starving, he did not wait; he went and purchased the necessary foodgrains wherever he could find them. Therefore, by that control we were teaching one and all to be dishonest. We were compelling them by sheer force of circumstances to fall in the moral scale and to set up in this country a state of affairs of which every reasonable and sound-headed man should feel ashamed. (*A voice*: "Question".) It is all right for some of our friends here to say 'question' because possibly they did not feel that need. I know of cases, where, in various other ways, the necessary victuals and the necessary provisions could be obtained by some people or could be received for them. It is easy to sit here in these comfortable seats and question that statement. But, let us go to the people; let us go to the poor middle class man, let us go to the poor man in the street and find out whether he questions that statement or endorses it. It will be only then that the reality will be found. That was what control was doing.

If by this control we could bring about a healthy state of things I would surely have no objection; but what will happen? Today, prices, generally, are what they were in the black market before. Generally speaking, they are not higher. People can openly and honestly buy what they must and what they can. With control all this will disappear. We will being in control and we will give an opportunity to a large number of corrupt officials to practise further corruption and to create again a situation of which we shall all feel ashamed. And eventually, again, we shall have to go back upon it. Therefore even though the distress is great let us not be led back into that terrible state of affairs.

Sir, a number of other proposals have been made. All those proposals are of a highly important nature. But each one of them is intertwined with and dovetailed into something else; if we do one thing here it affects other things elsewhere. I therefore submit that all those suggestions are good and should be carefully considered. But, we should not grudge to the Government the necessary time required for considering them most carefully and thoroughly before coming to any conclusions. I do not think we can have any two opinions about many of the proposals which have been made. But let us not be in a hurry; let Government take ample time to consider them most carefully and then let them come to such conclusions in the long-range plans as they think necessary. Some persons have said that the problem is not very serious. I am amazed at that statement. If I had time I would have gone into it. I do not think the House will share that view. It was said that we should not be panicky. There is no question of panic about anything; there is no panic in the country; people are not in panic, they are in distress, they are in misery. There is a difference between the two things. There is no panic; but they are dying; they want some food, they want some clothing, they want some sustenance. It is not a matter of panic, it is a matter of mounting dissatisfaction, mute dissatisfaction which the people are today feeling and they are becoming desperate. Unless we do something for them quickly the situation may become really very bad. In such circumstances something must be done immediately. As I said the other day, we know that efforts are being made but we want results. Efforts will not satisfy the people, we want results,

we want something tangible to come about. Therefore while Government should take the necessary time to consider all the technical proposals which are before them—I shall not go into them. I suggest as an immediate measure that Government should do a few things which probably will ease the situation immediately.

What I suggest is—I am sorry the Transport Minister is not here—first of all the question of transport should be tackled. Today's passenger trains may be reduced further. Whatever may be done, transport should be provided for foodgrains and other necessities of life. The honourable Member from Bikaner said here the other day that there was any quantity of gram lying in Bikaner which was rotting. It is a scandalous state of affairs and something should be done about it.

Then there is another proposal which I wish to make for the consideration of the Government and that is that we should have subsidised sales at cheaper prices of certain necessary commodities of life at the ration and cheap grain shops which Government are running today. It is a very simple scheme which I suggest. I am not thinking of the long-range plans; I am thinking of something which will have an immediate effect and which will enable us to create an atmosphere in the country where even the long-range plans will become practicable.

Sir, cloth has already been controlled. I suggest that if we can arrange that at our own cheap grain and ration shops we should sell wheat at 4½ seers instead of about 3½ sheers for a rupee as it is now selling, if we can so arrange that potatoes should sell at 4 seers, sugar at 2 seers, ghee at 8 chataks for a rupee, eggs for one anna each and/dry fodder (Bhoosa) for cattle at 30 seers and oilcakes at 15 seers, the expenditure would not be great. Some sceptic will scoff and say, how many people will you cover with that? I know that; but, I propose that alongside this, Government may issue an ordinance laying down that nobody in the country should sell any of these articles anywhere at a price higher than those fixed by Government. Again the question will be asked as to who will enforce it. I submit that the Ordinance should authorise every officer—civil, military and police—and all officers and members of local boards, heads of educational institutions, heads of cooperative societies, to take note of any delinquency and to record on the spot statements of the parties concerned and of two or three witnesses and to forward them to the district authorities, who should be authorised to take summary action and inflict deterrent punishments in these cases. A few such cases will ensure that even though there may be a few black sheep in the country, the vast majority of the people will respect the provisions of that ordinance; and in the result while we ourselves will be selling grain at a cheaper rate at only a few shops, it will have a salutary effect, all over the country. If wheat can be made cheaper, if ghee can be made cheaper, if potatoes can be made cheaper, if cloth can be made cheaper, all other foodgrains, all other vegetables, all other articles, will fall down in the price scale. It will achieve a wonderful result over the entire field of prices in the country in all directions with only a comparatively small expenditure and effort, we will have achieved stupendous country wide results all along the line. I have not been able to obtain the figures of the cost of this scheme but I understand that it will be well within a crore of rupees per month if we restrict it to these few items. What is that? If we can do this for six months we will have changed the entire atmosphere in the country.

Sir, the other suggestion I have to make is that rents and revenue may be realised in kind and that *zamindars* should be asked to sell their rental grain

[Pandit Govind Malaviya]

collections, at the prices fixed, to the Government. If we did that even as a temporary measure, then at the end of the season we will have sufficient grain stocks in our hands to sell at these shops and the entire atmosphere in the country will be affected by it. I have not the time here to go into the details of these proposals; but I hope Government will be good enough to consider them seriously as practical, feasible and immediate steps to be taken; not as something which will entirely meet the requirements of the situation, not as a long-term plan, but as something which, without any practical difficulty, can be done tomorrow while the other proposals are being carefully considered and final decisions taken.

Sir, I have done. A friend here said that the people in the villages who are 50 per cent. and more are happy. I do not know what to say to that. I do not agree with him. Whatever it be, no one can deny that the average urban population,—the middle class men—with their feet inextricably entangled in the rock of fixed income are being drowned in the sea of these high prices. The level has well nigh reached their nose. If Government will not take immediate action, the people may be drowned in that sea. I hope they will rise to the occasion; I am confident they will take in due course such steps as may be needed to bring about an improvement in the entire situation in the country. We will need a calm and peaceful atmosphere so as to enable the government to decide upon such long-term decisions and plans as may be suitable to extricate the country from the terrible mess in which it is today. But to bring about that atmosphere, to ease immediately the present situation, I hope Government will adopt without delay the proposals I have made.

Sir, in view of what the Prime Minister was pleased to say this morning, and what the Honourable the Food Minister has said, and of the general belief on the part of the members of this House that the Government will be doing everything possible to meet the situation, I have no desire to press this resolution to a vote. The Government themselves have expressed their anxiety in the matter and have assured us that they are considering it and that the necessary steps will be taken without delay. Under these circumstances, Sir, I will with your permission, seek the leave of the House to withdraw my Resolution.

**Mr. Deputy Speaker:** Has the honourable member leave of the House to withdraw?

The Resolution was, by leave of the Assembly, withdrawn.

## RESERVE BANK (TRANSFER TO PUBLIC OWNERSHIP) BILL

**Mr. Deputy Speaker:** The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

**Prof. K. T. Shah** (Bihar: General): Sir, I move:

"That in part (b) of sub-clause (1) of clause 3 of the Bill, for the word 'eighteen', the word 'fourteen' be substituted."

Shall I move the second one also in my name?

**Mr. Deputy Speaker:** Yes. Both relate to the same matter.

**Prof. K. T. Shah:** Sir, I move:

"That in part (b) of sub-clause (1) of clause 3 of the Bill, the words 'and ten annas', be omitted."

You will bear witness that I have scrupulously followed the advice of the Speaker in not inflicting myself upon the House too frequently, and trying the patience of honourable members. Though I did not speak on the general discussion on this Bill, here is an important part of a provision to which I cannot but take exception, and hence the amendments which stand in my name.

The Bill has been mentioned as being preliminary to the nationalization—or as I prefer to call it, socialization—of the Imperial Bank of India. I go a step further and say that I for one regard it as preliminary to the socialization of the entire banking system of this country, because I hold the view that all social services and public utilities must belong to the community as a whole and must be operated on behalf of the community by the State. In this view of the matter, there are many provisions of this Act which would require very radical alteration, and I trust in good time they would be forthcoming. I have therefore not put forward any other amendments to other parts of the Bill as I believe that co-ordinated and integrated amendments in a wholesome Bill would be much more appropriate than any *ad hoc* suggestion which, at this time on this Bill might be put forward. The Finance Minister has rightly pointed out that this Bill is confined strictly to the nationalization or socialization of the share capital of the proprietors of the Reserve Bank, and as such all other suggestions might be deemed a little out of place. I could claim with perhaps not the same emphasis as the Honourable Minister claimed yesterday to belong to that little fellowship of people who, from the very beginning, have desired that this institution should be from the start a socialised public service concern which ought not to be handed over to private proprietors of any description. I welcome, however the measure on the principle of better late than never, and now that it is at last being proposed to be socialised, I am very glad indeed that the opportunity has fallen to one of the sponsors of the idea from the very commencement of any formal scheme for instituting a Central Bank of this kind.

The provision to which I have offered an amendment relates to the reduction of the price proposed to be paid for taking over the shares from the private shareholders and making the entire capital belong to the State. This is an institution which has been made by, and whose whole prestige, profit and authority are the creation of, the special Act and the policy followed thereon, by which the entire monetary system so to say of the country and Government banking have been placed in the charge of that institution.

A provision was made in the original Act whereby the institution could not under the ordinary company law be taken into liquidation. If however a situation arose where it became necessary to take this institution into liquidation, it could be done under the provisions of that section only by order of the Government and in such a manner as Government may direct. Liquidation of a going concern ordinarily takes place, as I understand the term, only when the institution is in loss or threatened with it. For the life of me I cannot understand how such an institution, armed with the powers and given the privileges that it has been given, could possibly make any loss, unless its directors or conductors were crooks. For my part, of course, I find it very difficult to see the difference between capitalists and crooks. I suffer from week eyes. Therefore it may be that what I am not able to see others may be able to see. I venture to say, however, that even the celebrated trio of Sherlock Holmes, Mr. Lecoq, and Ellery Queen each aided by a 1000 h.p. microscope would not be able to deduct the difference between capitalists and crooks. It may be that there are differences, and as such it is a possible contingency that an institution like this might have been brought under loss. But as I said before, even then the Act provides that the liquidation of this institution cannot be done except by order of Government and then in such a

[Prof. K. T. Shah]

manner as Government may direct. Now this is of course not liquidation. Even I can understand that difference. But it is a contigency which I submit has been contemplated when the initial measure was passed, even by those who preferred to make it a private proprietors' institution and not a public corporation of the type that some of us had hoped it would be. The provision of the second sub-section of section 2 to which I have already made reference, lays it down that in the event of any such liquidation or change-over taking place, the proprietors would be given a certain compensation for their holding provided that the share of the Government in the total capital and reserve assets would be three-fourths and that of the shareholders one-fourth—and provided further that in no case should the compensation offered to the proprietor shall be more than 1 per cent for every year that the institution has been in existence. The institution, I believe, came into existence in 1934 and from that date till now there are 14 years, unless my mathematics is wrong. 14 years at one per cent without recurring compound interest would—be Rs. 14 and not Rs. 18/10 as is proposed in this measure in clause 3. Even at Rs. 14 we would be giving something like a bonus of 70 lakhs to the shareholders for doing what? They have done nothing, in my opinion, to earn this bonus or surplus or special gratuity or perquisite to which they can lay claim under this Bill. The shareholder of a joint stock company and particularly of a corporation like this is, in my opinion, the worst type of parasite going and unless you propose to accept them as the inheritors of the managing agency system in firms who enjoy an unearned income as well as an undeserved reputation, the shareholders I submit have done nothing whatsoever to deserve this special bonus, this additional gratification, this extra compensation, which is provided for in this Bill.

Somebody says that they have invested their money. Had our counsel been followed they would not have had to invest this money. In fact the public need not provide any capital because the credit of the whole community is behind the back of this institution. That you have initially been given an advantage of being called upon to invest your money is made an argument that you must be specially compensated. In an ordinary bank, if a banker receives deposits for a fixed period, does he at the end of the period, after having paid regularly the interest, pay any special compensation in the event of the depositor withdrawing his money on maturity. Even so why should the Reserve Bank, like any private Bank, pay to its depositor any special compensation in the event of the depositor withdrawing his deposit on its maturity, especially at no time has a default been made by the bank in the payment of interest. This money that the shareholder claims to have invested is only a sort of deposit. He knew perfectly well that there was no danger whatsoever of his money ever being lost, because the country, the community and the Government were behind it and as such there was not an iota of danger of the money being lost in any eventuality whatsoever. The argument therefore that he has invested or parted with his instrument of earning his livelihood is in my opinion utterly out of place and irrelevant and those who urge it only exhibit their own selfishness in making such a preposterous suggestion as that.

Another consideration put forward is that the then Finance Minister in answer to a question on the subject declared that the compensation would be paid at the rate of the average during a period of 12 months beginning with March and ending with February of the following year. As I view the matter it was an *obiter dictum* of the Finance Minister. As I conceive it, it was a casual answer to a casual question which again I submit, in all humility, is not necessarily a formal declaration of policy and the incurring of an obligation which all of us are obliged to discharge. I regard it as an *ex-parte* declaration which of course should be taken for what it is worth. But even granting to

the sake of argument that the Finance Minister spoke on behalf of Government, as he probably did and that he was making a declaration of policy on behalf of the Government, in that case too I do not see why the Reserve Bank Act itself should be infringed upon and a higher rate be paid as compensation than is provided for under the original Act. That is the bone of contention that I want to present to the House.

The average is a very fallacious term. In my opinion it was a direct invitation to the speculative element in the market to put up the price and in fact the price went up to 158, if I am not wrong. For reasons outside the control of the speculator, for reasons for which people like me are blamed, who are talking about socialisation in season and out of season, it is possible that they lost confidence, the price fell, the average came down lower than the average. Even so, even that average was I believe lower than as it has been worked out by the department. The shareholders themselves have claimed as much as 137. I am amazed at their moderation. Why did they not claim much more? They could have argued that this Rs. 100 in 1933, when the price of money in terms of commodity was much higher than five or six times, was today worth much more and they would be entitled to something like six times the capital invested. I am amazed that they have been so moderate as to claim from this Government only 137 or 138 as against 118 that Government seem to have compromised on. For my part I neither accept their claim nor the proposal that Government have put forward: In fact I would say that there is no case whatsoever for offering any compensation on the institution being taken over. This institution has earned all the profits, it has built up its reserve, it has earned surplus assets, not because the shareholders or for the matter of that even the Directors have done anything to deserve it, not because of any special effort or enterprise shown by them, but simply and only because Government have made over to them the paper money of this country to be issued and maintained. It was simply because, they have been acting as the Government banker, it is because they are a banker's bank on account of which other scheduled banks are obliged to keep their balances with them of considerable amount free of interest, it is because of that that they have made the profits that they have and as I said earlier none but fools could have failed to make profits in an institution like that. There is no special credit, there is no special claim in honour, in ethics for this demand of anything more than Rs. 100 which they are alleged to have invested and anything more payable to them would in my opinion be a needless waste of people's money on this occasion. At the rate of Rs. 18-10 you are giving away 93 lakhs odd free and gratis for doing nothing, for having been just the proprietors, for having been just registered shareholders, for just worshipping the golden calf that they have been worshipping. I further point out that not only have they no claim to anything more than Rs. 100, they ought in fact to have been made to contribute something to the country for not having done what they should have done in the interest of this country, specially at a time in the past when the emergency occurred and they merely acted as a tool and henchman of a foreign government. Between 1933 and 1939 hundreds of crores worth of gold went out of this country and the Reserve Bank did not do anything to stop that drain or even to make a protest against a policy which denuded this country of the little substantial wealth that was left in this country, in order to bolster up the sterling, which was the only reason why the drain of gold between 1933 and 1939 was allowed from this country. What have the shareholders of the Reserve Bank done to justify or authorise this special gratification? It only amounts to saying this "Do the utmost harm to the country; strike it as hard as you can; but simply because you happen to be capitalists we shall try to please, placate and propitiate you." I say this is a desire which is implacable and inexorable; they are people whom you can never satisfy; you can never

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propitiate them. The more you offer the more they will ask; the more you give in the more they will demand. Therefore, if you ever want to call a halt, if you ever want to say that there is a limit—please remember that there is a limit to our patience, to our capacity to bear the burdens—if ever you want to do so, you should lay down some limit beyond which they shall not try your patience.

On a previous occasion when the Industrial Finance Corporation Bill was before this House I had the honour to point out that Government were deliberately ruining their own credit and standing and needlessly encouraging the capitalist world to demand more and more, for them to hold them up like highway-men on the public road, by offering an absolute guarantee of 2½ per cent. on the principle as well as the interest, and even on their bonds. I am sorry to say the House was not in a mood to accept my suggestion on that occasion. I hope that I would prove a false prophet and that it will not come true when you had eventually taken over that institution and are required to work out twice or thrice after giving them guarantee over and above what they have got so far. In this institution you should realize that for 14 years you have been paying them 4 per cent interest whereas the market rate and the bank's own rate was somewhere near 3 per cent. That is to say they were paying something more to the shareholders than the shareholders could have got if they had invested in equally strong securities outside the bank. In that way Rs. 66 they have already got in 14 years. Over and above that you are now proposing to give Rs. 18-10 which will work out to a return of 3½ per cent or a bit lower—my working out suggests 3:57 per cent, but perhaps I am wrong. The average money market rate is about 3 per cent. Why should this extra money be paid—why should this extra valuable security be made over to the proprietors, to the shareholders of the Reserve Bank, I fail to see.

At this point I come to a seeming inconsistency in my own proposal. I also offer or suggest that they should be given at the rate of Rs. 14 over the Rs. 100 they have invested for every share. As I have said before, for my part I would not certainly offer them a pie more than is strictly the investment they have made. But few recognize the essential moderateness and the reasonableness of my proposal. You do not realize that I have not proposed giving them no compensation. I will therefore get enough credit for having been eminently reasonable in my proposal—because that is behind the scenes as the stage managers say. Here I come forward with a proposal for Rs. 114 because unfortunately the original authors of the Act have tied down our hands, and ours is a successor government, peacefully acquiring power by voluntary transfer and as such morally bound to honour the obligations they have incurred. Whatever my reasons may be for questioning these obligations—the ethical justice of it, the economic value of it—I feel that in sheer justice to this House, in respect to the honour of our government, I should not depart from the pledges made by a predecessor government, though not with our consent or on our behalf. It is because of that that I have come forward with a proposal to offer a compensation of Rs. 14 over and above Rs. 100 which they had invested—and that too will yield them something like 3:4 per cent, as against the 3 per cent. that I have been telling you is the ruling rate in the market. Because I honour the obligation incurred under this Act it does not follow that I accept the ethical or economic validity of the suggestion: I accept it because there is on the other hand the only alternative of having broken, so to say, the moral pledges of the government—and I am at this stage not inclined to break those pledges. But again I repeat to you, Sir, that this is a kind of moderation, sweet reasonableness on my part, that goes utterly unrecognized in this House or by the majority party. And that is because they will not read the writing on the wall. The

writing is grim and glaring. As it was said in the Gita itself by no less a person than Lord Krishna—

कालो ऽस्मि लोकक्षय कृत प्रवृद्धो

Remember that revolution is only a normal form of evolution in social matters. And by doing things like this you are inviting revolution to march grimly and foist itself on your cherished institution. Remember that east of us, in China, in Japan, in Malaya, in Burma, in Ceylon the forces of revolution are gathering. In your country too these forces are growing strong. They will not listen to moderate counsel; they will not listen to wise suggestions and reasonable arguments of those who are made blind by greed—insatiate greed—and by their egoism. There is a Latin proverb "Those whom the Gods wish to destroy they first make them blind". I suggest that those who represent the capitalist classes, those who demand their dues in season and out of season, are forgetting the lessons of history in France in 1793 or in Russia in 1917. The representatives of monarchy will fare no better in this country if they forget the dues of the people of this country and claim their pound of flesh in season and out of season. And this is not even a pound of flesh. This is something more. It is shedding in addition to the pound of flesh, the people's blood. If you sanction Rs. 118 as against the proposal that I have made you will be co-sharers in the guilt of shedding the blood of the unvoiced, unvocal people of this country. I trust that this sweet reasonableness of mine will commend itself to the House and that the forces of greed will not blind them—because I trust this nation has a long life before it—and that no section of it will be destroyed by its own tribe, by its own ignorance, greed or blindness. Sir, I commend this motion of mine to the House.

**Mr. Deputy Speaker:** Amendments moved:

(i) "That in part (b) of sub-clause (1) of clause 3 of the Bill, for the word 'eighteen', the word 'fourteen' be substituted."

(ii) "That in part (b) of sub-clause (1) of clause 3 of the Bill, the words 'and ten annas' be omitted."

**Shri B. Das** (Orissa: General): Sir, I stand here to plead for the shareholders of the Reserve Bank. When I listened to my esteemend friend Prof. Shah—I always regard him as one of the greatest economists that India has produced—I began to shudder in the place I was sitting when he hurled down those blood cuddling epithets that we are forgetting the lessons of French history where the people hurled down Louis XIV.

Sir, as far as I can recollect the scheme of shareholders, to save the Reserve Bank from the capitalists, we provided that every shareholder can only have five shares Although we knew the Bombay and Calcutta capitalists tried to corner some of the shares in their dependents' names, still many villagers like me hold only five shares. We also took care to see that one of the members of the then Assembly was associated with the allocation of those shares so that the capitalists did not capture all. If the capitalists of Bombay managed to take away a lakh or two of shares from the Calcutta side and from the country-side of C.P., Orissa and other places, it is the propensity, the evil propensity of the Bombay capitalists that is responsible for that, and not the shareholders.

But, Sir, it is not the matter of Rs. 20 that I shall lose in my five shares that I stand to plead here. I did not like that my esteemed friend Prof. K. T. Shah should have referred to the five lakhs of shareholders as capitalist shareholders of the Reserve Bank. Of the five lakh shareholders the capitalists may be a small moiety, I think about 25,000. The rest do not pay any income-tax. Does my friend Prof. Shah know that out of the 3½ per cent Dividend that the Reserve Bank used to pay us, income-tax is deducted to the extent of something like Rs. 3-14 in Rs. 15? So, how is it that the nation had been mulcted

[Shri B. Das]

by the shareholders? We were not allowed to have a State Bank and therefore those of us who assisted in framing the Reserve Bank Act insisted that the shares should be distributed throughout the nation so that when the right time will come every shareholder will contribute to the nation his share certificates. Today if the Government asks us to hand over the share certificates, we will hand them over—we do not want the money. But that condition of things has not yet come. Professor Shah wishes the shareholders to be deprived of the premium money—something like Rs. 20—the money side matters little. But that day will come according to the greatest authority in economics, though I do concede my friend is now more leaning towards Russian economics than Indian economics. Of course, he has always held advanced views but today I find he is advocating such views that perhaps in India we are not find to understand him unless he will make us understand it by the blood bath of those whom he calls the capitalist classes.

My only excuse in rising to speak is that I and others who have subscribed to the Reserve Bank, all subscribed as patriots and never thought that thirteen years later somebody will dub us as "capitalists and exploiters." On the merit of the issue, the twenty rupees is a very small thing, it does not interest any of the shareholders. But my friend Prof. Shah forgot one thing, that the Government of India, whoever controlled it, the former Government or this Government, are very much benefited by the shareholders' five crores of rupees. Any excess profits have gone to the Government of India. That means it has returned to the tax-payer, by which I mean both Prof. Shah and myself are benefited; although in the past the benefit was going to the foreign Government now it is going to our Government. Therefore, Sir, I oppose the amendment.

**Shri Prabhudayal Himatsingka** (West Bengal: General): Mr. Deputy Speaker, Sir, I have heard very carefully the 'sweet reasonableness' of Prof. K. T. Shah. He has bemoaned the fact that his advice was not followed when the Finance Corporation was formed nor was it followed as regards the price to be paid. No wonder that with the line of argument advanced by my Honourable friend Prof. Shah, his advice could not have been followed.

Sir, he has accused the shareholders as not having done anything and at the same time having got the profit year after year. He has also blamed the shareholders for not having been able to stop the drain of gold from India that was made through the Reserve Bank of India. I found that he was all along contradictory. Sometimes he feels that whatever good has been done was done because the Bank was in the charge of the Government, and whatever there was bad was due to the Reserve Bank shareholders not having interfered. As everybody knows, the policy of the Reserve Bank was in the hands of the Government of India and the Government had the final say in the matter. All profits that had been made so far have gone to the general revenues of the Government, and I think a sum to the extent of about Rs. 80 crores has been paid by the Reserve Bank of India to the coffers of the State.

Sir, my friend says that the Government's word of honour must be respected. In March 1947, when the declaration was made in this House as to the intention of the Government to nationalise the Reserve Bank, a statement was made on behalf of Government as a declared policy, on the basis of a Short Notice Question which was arranged to be put to Government. In answer to that Question, the Government of India through the Finance Minister made a statement that a certain average price that would be found to be ruling between March 1947 and February 1948 will be taken and the average price will be paid. This Rs. 118-10 has been worked out on that average basis. If the shareholders had any say so far as the fixation of the price is concerned

then the shareholders' voice had not been taken. But they had no say in the matter and if their voice had been taken at all, they would certainly have asked for more. The price after the declaration has gone down and the speculators also had no power to influence the price. If the average price had been given that was ruling before the declaration was made, the Government would have had to pay much more because the price in 1946-47 was round about Rs. 156 per share. The price went down after the Liaquat Ali Khan Budget and the disturbances that started in the country. So, the shareholders have no say in the matter and my friend Prof. Shah went out of his way to accuse us if all of them are 'capitalists.'

Sir, my honourable friend forgets that on the 30th June 1948 there are so many as 44,400 shareholders of the Reserve Bank and the average therefore comes to ten shares per holder, that is they are holders of Rs. 1,000 worth of shares. As you know, when this Bank was floated the limit was put that no one will be allotted more than five shares unless the applications for five shares were exhausted. On that basis, on the 1st of April 1935, we had 92,407 shareholders of five shares. But if all these 44,400 shareholders are all capitalists, then this country would have been rolling in wealth. But most of the people as you know hold only five shares. They have stuck to them and at least more than 40,000 of the shareholders are perhaps the original shareholders of five shares.

Therefore, my friend has tried to bring in factors which do not come into play at all. As the honour of the Government is involved and as it has a very great repercussion on the financial stability of the country, we must be careful to see that the Government's word of honour, or any statement made on behalf of the Government is not lightly treated and the Government does not go back upon what they say or what is said on their behalf in the House. There is no reason why there should be any going back on the statement made. Moreover, if the Bank had gone into liquidation and if there was no limitation or instruction regarding the distribution of profits in the Act, the shareholders would have got a much larger sum and they would have got the money in cash. What the Government propose to do is to give them bonds. Therefore, they are going to surrender their shares and will get bonds which will give them 3 per cent. and the fixation of price is an eminently a reasonable proposition.

*The Assembly then adjourned till Half Past Five in the Afternoon.*

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*The Assembly re-assembled at Half Past Five of the Clock, Mr. Deputy Speaker (Shri M. Ananthasayanam Ayyangar) in the Chair.*

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**Mr. Nazimuddin Ahmad** (West Bengal: Muslim): Mr. Deputy Speaker, Sir, it would not have required any speech in the House to vote against the amendment, but in moving the amendment, certain broad statements have been made, certain hints have been given about questions of great importance and it is for this reason that I think a reply is called for. The honourable member Prof. K. T. Shah, is an economist, but with all his learning, it seems to me that he has mixed up two independent questions, namely, nationalization and expropriation. He thinks that nationalization means expropriation. While he wants to nationalise, he wants to take away by paying less. I think the tone sounds somewhat Russian. The proposal of the Government is that every shareholder should get a non-terminable loan bond for Rs. 118-10-0. The learned Professor by his calculation thinks that only Rs. 114 should be given. The quarrel is one of Rs. 4-10-0, but the principle involved is of first importance. The House will be pleased to remember that when the talk of nationalization of this Bank began during the time of Mr. Liaquat Ali Khan's Budget, the shares stood at the time at something like Rs. 139. On account of the talk of

[Mr. Naziruddin Ahmad]

nationalization the shares went down further and now the average works at Rs. 118-10-0. The learned professor would deny the shareholder this depreciated average which is now proposed to be given by the Government. But may I ask the honourable member one question? Supposing the shares went down, would the honourable member be prepared to pay in full? Suppose the shares stood at an average market price of Rs. 90 and supposing there were no guarantees in the Act, would the honourable member be prepared to pay more than Rs. 90 or pay in full when the capital appreciated and the shares went up to a maximum price of Rs. 178 in 1946? Now what we are paying is a depreciated price and not a proper or an average price. Then the most important thing is that the honourable member would like to punish some capitalists by this amendment. I beg to submit, Sir, a large number of middle-classes are share-holders. While some capitalists own more than 5 shares and that was at a appreciated price, say at Rs. 120, Rs. 130 or Rs. 140, those capitalists will certainly be punished and I have nothing to quarrel with that but in trying to punish some capitalists, we are going to punish some persons belonging to the poor middle-classes whose share represent their savings. I think that would be extremely unfair to the middle classes. I submit, Sir, that if we refused to pay Rs. 118-10-0 and we merely paid Rs. 114 the very difficult situation which has grown will be accentuated. The upheavals in the money market are due to constant threats to the so called capitalists. There is always a threat that the capitalists must be expropriated without realizing the fact that the expropriation of the capitalists means the expropriation of a large number of shareholders. Big concerns are known as capitalist concerns, and it is perhaps known but not quite realized that millions of shareholders belong to the middle-classes in those concerns. While you try to expropriate the capitalists, you kill a large number of middle-class investors and deprive them of their lives' earnings and savings. In these circumstances, these constant threats serve to produce nervousness amongst the investing public which largely consists of middle-classes. It is absolutely wrong to say that a few capitalists have entered into a conspiracy and are controlling the market. Those who have studied market tendencies know that it can be done only for a few days, but then economic factors, the factors of supply and demand and the intrinsic worth of shares and stocks really have play and they ultimately decide the market rates.

I submit that the lower prices which are now prevailing in the markets and the disinclination on the part of the investors to come forward to finance big undertakings and subscribe for Government loans is due to this nervousness, distrust on the Government policy. This constant talk of punishing the capitalist class is the cause of the present situation and it has also accentuated the situation. The House will be pleased to consider one more point. Professor Shah was one of the Economic Advisers of the Government whose advice has been consolidated and supplied to us yesterday. He was one of the Economists who advised that the Government should raise the interest rate on their loans. The present rate of interest is three per cent on the bonds which are going to be given to the shareholders. Let us suppose that Professor Shah would advocate a policy of the Government taking loans at four per cent. The effect of that would be an immediate depreciation of the bonds which are going to be given to the shareholders to the extent of 25 per cent. You pay them on an average of depreciated price, which depreciation was due to the threat of nationalisation. The Government is coming into the loan market at a higher rate, that is, four per cent. That would further depreciate these bonds. The bearer of these bonds will have to sell them at lower prices in the market. You cannot control this downward tendency. This tendency will have the certain effect of lowering the market prices. In these circumstances, I beg to submit that we should not lightheartedly talk about nationalisation, which has these disastrous

consequences. Nationalisation is a good principle. But it has got to be applied by the Government with caution and with some ideas of priority and with the sole purpose of making the management cheap, efficient and productive. These are principles which should be kept in the forefront before the nationalisation programme can be taken up. But, loose talk inside the House and outside the House has created a very awkward situation. Even now, what is the position of the Government? The Government cannot go into the market for a loan; I do not think that at the existing rates any loan would be subscribed to the extent that the Government needs. We want money for large undertakings and must go to the market. We have created a situation that the market is shy, where money could not be easily obtained. I submit that this proposition should be rejected with this understanding that we do not support these sentiments behind the amendment. We do not want to expropriate and do away with those very classes upon whose savings the whole Government and the industrial policy of Government will depend.

With these few words, I oppose the amendment.

**Dr. B. Pattabhi Sitaramayya** (Madras: General): Sir, I am sorry I was not here at 4-30 when my honourable friend Professor Shah explained the basis of his figures; but I have tried to acquaint myself of the course the discussion has taken and we are thankful to Professor Shah for having given this House an opportunity of explaining the rationale of fixing the price of each share at Rs. 118-6-0. It is obviously inconsistent with the requirement of section 57 of the Reserve Bank Act which lays down that the price when the Bank is liquidated should be fixed at one per cent. per annum more than the original amount, to the extent of the number of years that have passed since the inception of this Bank: fourteen years have passed and therefore Rs. 14/- have to be added to the value of each share.

Strictly speaking, in law, it is a point of doubt whether the conversion of the Bank from a private Bank or a quasi public bank into a National Bank by the process of nationalisation involves and is based upon liquidation or not. Is it a case of liquidation in which case alone this requirement of one per cent. per annum applies? In the first place, we hold it is not liquidation. In one sense, it is passing from one kind of management to another kind of management by agreement. In the Insurance world, we are accustomed to the idea of amalgamation of Insurance companies which is regulated by a particular set of laws, which does not involve the liquidation of either company, though, strictly speaking, perhaps in the eye of law, it may be considered by some stretch of imagination as liquidation. Any way, this is not a case of liquidation, but nationalisation. Nationalisation is not penalisation. We are going to nationalise many institutions hereafter. We should not create a panic or alarm that every time an institution is nationalised, whether it be an industrial concern, or a banking concern or an insurance company, the shareholders stand to lose much of what they are likely to gain by selling their shares in the open market. It is our duty to offer that confidence to the people in this country. At the present moment, we are labouring under a kind of, I shall not say want of confidence, but a certain doubt in regard to the confidence to be placed in the spoken word of the Government. The spoken word of the Government, or for that matter, of any man in this country had lost its value under the British Government. The moment courts of law came into existence in this country, working according to the English law of evidence, according to the English law of Contracts, of Mortgages or Transfer of Property, the spoken word has ceased to have its value and everything has got to be committed to writing. The written word has two meanings according to the parties that take the paper to the lawyer they seeks the help of. If we want to restore the character of this country, if we want to restore the reputation and integrity of the spoken word in this country, we have to respect the integrity of the spoken word whether it is committed to

[Dr. B. Pattabhi Sitaramayya]

writing or not. What is the spoken word? In this House, in relation to the valuation of these shares, the Honourable the Finance Minister at the time, spoke publicly on the floor of this House that it was the policy of the Government to give a certain average calculated upon the market rates of the previous twelve months. Right or wrong, good or bad, the Finance Minister has made this statement and he has committed himself to the statement as emanating from his Government. We must naturally take it that his Government is responsible for that Statement. We have therefore to respect this offer as the sacred word of the Finance Minister backed by his Government. That is the long and short of the whole story so far as I can judge. This matter has been given anxious thought by the people who are concerned with it outside the premises of this legislature and after going into the matter thoroughly, it has been agreed that the spoken word of the ex-Finance Minister must be respected. We do not lose anything except twenty five lakhs of Rupees. (*An Honourable Member*: 'Eighteen lakhs'). I stand corrected. That is the difference between the valuation on the two bases. That amount is nothing if thereby we can restore the confidence in the public mind regarding the veracity of the offers and promises and statements of Honourable Ministers on the floor of this House. This is at the back of the arrangement and I wanted merely to mention this fact, so that you may accept the recommendation of the Government. But for Professor Shah's amendment, it would not have been possible to explain the genesis of this arrangement and therefore I say we are very much obliged to Professor Shah. Perhaps he has got an inkling into the rationale of this higher figure, but nevertheless he has done a public duty perhaps to give us an opportunity of explaining the things clearly to this House.

**The Honourable Shri K. C. Neogy** (Minister for Finance and Commerce): Sir, I am grateful to my honourable friends who have supported the Government proposal in this matter and have therefore very much lightened my own task. I am particularly grateful to my honourable friend Dr. Pattabhi Sitaramayya for having put the issues so very clearly before the House. I should like first of all to tell the House that this is not a question of liquidation and that it is no use referring to the provisions of the Act relating to liquidation. It is a case of compulsory acquisition by Government of a 'shareholders' institution, and the shareholders in this instance have absolutely no voice in the matter of determining the price. In fact I am not aware of any negotiation even having taken place between Government and the shareholders; as a matter of fact when it is a question of nationalisation perhaps that formality is expected to be done away with. But the fact remains that the price that has been fixed rests upon the average prices fetched by the shares of the Bank during the period when the value of the shares was depressed as a result of the announcement by Government of its decision to nationalise the Reserve Bank. From this point of view it is open to any one to argue that Government are taking advantage of their own action, in calculating the amount of compensation on the basis of prices which have been depressed as a result of the announcement of Government policy in the matter.

Now, Sir, I have got the figures before me month by month for the last few years of the share value of the Reserve Bank. The average price stood at Rs. 135 and odd annas in 1944; it was Rs. 139 and odd annas in 1945; in 1946 it went up to 162; in the month of January of 1947 the price was quoted at 150, in February it was quoted at 138/8/-, and it was in February that the announcement was made that Government had decided to nationalise the Reserve Bank. Then followed a regular depression in the market; the price went down immediately next month to 128 and so on. In 1948 the price in January was 119, in February 114/8/-; I understand it has gone down further. I therefore think we should not be too critical of the value as fixed by Government, and stated

by my predecessor in office, when he made it definitely clear as to what the Government's intention was in this matter. There is a good deal of discontent not merely among the shareholders at the fixation of the price at the present figure. The Central Board of the Reserve Bank passed a Resolution.....

**Shri Ramnath Goenka** (Madras: General): Interested party.

**The Honourable Shri K. C. Neogy:** In what sense are they interested? You know very well that the number of shares to be held by individuals is strictly limited.

**Shri Ramnath Goenka:** You know how they are held.

**The Honourable Shri K. C. Neogy:** I know it; I personally hold a few.

This is what they state:

"They hold strongly that as this is the first case of nationalisation Government should interpret generously the undertaking explicit in their declaration of economic policy that compensation paid to shareholders on the nationalisation of a concern would be on a fair and equitable basis."

Then they go on to point out the various factors that should be taken into account in fixing the compensation, and incidentally they refer to the fact that for the last five years Government had reduced the rate of interest payable to the Reserve Bank shareholders. Under the Act 5 per cent. is the maximum payable and that would easily have been paid to the shareholders but for a restriction put upon the authority of the Bank in the matter of the amount of dividend which was not to be more than 4 per cent. For these five years the shareholders suffered from this disability, and I take it the House would not be prepared to subject them to a further disability by cutting down further the compensation which is proposed in this Bill. Sir, I oppose the amendment.

**Mr. Deputy Speaker:** The question is:

"That in part (b) of sub-clause (1) of clause 3 of the Bill,—

(i) for the word 'eighteen', the word 'fourteen' be substituted; and

(ii) the words 'and ten annas' be omitted."

The motion was negatived.

**Mr. Deputy Speaker:** The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clauses 4 to 7 were added to the Bill.

**Shri T. A. Ramalingam Chettiar** (Madras: General): Sir, I beg to move:

"That in the Schedule to the Bill, in part (c) of the proposed sub-section (1) of section 8 of the Reserve Bank of India Act, 1934, after the words 'Central Government', the following be inserted:

'to represent as far as possible territorial and economic interests and the interests of co-operative and indigenous banks'."

The Reserve Bank is the financial apex bank for the whole of India which serves several purposes. It is the adviser of Government; it is a bank which has got under the new Banking Bill several powers with reference to the Scheduled and other banks. What has been happening is this. It has got a Board of Directors in which the directors do not know the working of cooperative and other Societies. The directors are generally people who are taken from the Scheduled banks and from business elsewhere. I explained only yesterday that with reference to the cooperative societies the advice given to the Provincial

[Shri T. A. Ramalingam Chettiar]

Governments has been such that we had to fight against it and get it reserved. With reference to the cooperative societies advising the Reserve Bank issued a bulletin advising re-organisation of the movement we had to fight for a pretty long while, for something like 5 or 6 years, to have every proposal of the Reserve Bank reversed. The Banks have now gone back on every one of the proposals that were formulated in their bulletin. I also referred to the help given to the cooperative Societies and the way in which it was hedged round with conditions which were impossible of fulfilment. I will only mention one case in the district of Masulipatam to which both our honourable friends Dr. Sitaramayya and Prof. Ranga belong. The Central Bank lends something like 40 to 50 lakhs of rupees for the marketing of agricultural produce. The Reserve Bank came forward to help that bank. The Central Bank is getting money from the Provincial Bank at the rate of 3 per cent and lending to the loans societies which are undertaking to market all agricultural produce. The Reserve Bank made the proposal that they will lend money for the marketing of this produce at 1½ per cent and they imposed the condition that the benefit of this concession should go to the actual borrower at the other end. Well, it is impossible to work on that condition for the reason that the Reserve Bank fixed the maximum limit of credit for this particular bank at Rs. 5 lakhs. So what it means is this. They will lend money through the bank at 1½ per cent to the extent of Rs. 5 lakhs, whereas the actual transaction of the bank amounted to Rs. 40/50 lakhs. How can a poor bank find accommodation or facilities for the purpose of passing this difference between 3 per cent and 1½ per cent to the actual borrower if it has to borrow Rs. 35 lakhs from the Provincial Bank at 3 per cent. It is an impossible condition on the very face of it. So it is in that way that the Reserve Bank proposed to help co-operative societies. It is for that reason that I propose that this Board which they are constituting for the management of the Reserve Bank should consist of representatives of banks and co-operative societies and also indigenous bankers. The wording I have taken from the Government's own formula for the local bank. So far as the formula is concerned, it does not differ. I want the same formula to be adopted for the Central Board also. I hope the member in charge will accept the amendment.

**Mr. Deputy Speaker:** Amendment moved:

"That in the Schedule to the Bill, in part (c) of the proposed sub-section (1) of section 8 of the Reserve Bank of India Act, 1934, after the words 'Central Government', the following be inserted :

'to represent as far as possible territorial and economic interests and the interests of co-operative and indigenous banks'."

**The Honourable Shri K. C. Neogy:** I am very sorry that I am not in a position to accept this amendment. As I stated in my opening observations yesterday, we have incorporated in this Bill the minimum number of amendments that are required to transfer the ownership of the bank from shareholders to the State. Now so far as the Central Board is concerned, no principle of the kind enunciated by my honourable friend has been accepted, so far. The only difference that will arise in future would be that in place of a board composed partly of nominated and partly of elected members we will have only a nominated board. That does not justify any fundamental departure of the kind suggested by my honourable friend.

So far as the central organisation is concerned, I am not in a position to limit the discretion of Government in the matter of making nominations to the various categories mentioned in the amendment. But at the same time I want to point out that as regards the composition of the local boards there is adequate provision for the representation of the various interests which my honourable friend has in mind, and I think that it should suffice for the purpose of my honourable friend to have adequate representation of the various interests on

the local boards. It is for these reasons that I am not in a position to accept the amendment.

**Shri B. Das:** I was a little disappointed to hear the remarks of my honourable friend, Mr. Neogy. Had he asked us to be satisfied for the present as his amendment stands, I would not have risen to speak. But I think he ought to recognise the points that my friend, Mr. Chettiar has made and ought to give some sort of assurance.

**Mr. Deputy Speaker:** May I ask the Honourable Minister to see if under clause (b) the four directors that are nominated by the Central Government, one from each of the Local Boards, and the composition of the Local Boards as representatives of these interests, the four directors of these interests are not in the Central Board?

**The Honourable Shri K. C. Neogy:** There will be one from each Local Board and it may not necessarily follow that the director to be nominated by a local board would represent the co-operative societies.

**Shri T. A. Ramalingam Chettiar:** I am not satisfied with the explanation given but still I do not want to press it.

**Mr. Deputy Speaker:** In view of his not pressing it.....

**Shri B. Das:** rose—

**Shri T. T. Khishnamachari:** When the mover does not press it, where is the room for discussion.

**Shri B. Das:** I want the Honourable the Finance Minister to give us an assurance that he will examine the point of view which Mr. Chettiar has raised. We find that for fourteen years the co-operative and agricultural interests have been neglected by those directors whom Government have themselves nominated or who have been elected through Government connivance. That assurance my friend can give us, namely, that when the Bill will be examined in the near future, those intentions will be incorporated in it.

**The Honourable Shri K. C. Neogy:** All I can say is that the Government will take into consideration all the factors that may bear upon this particular matter.

**Mr. Deputy Speaker:** Is it that the honourable member wishes to withdraw his amendment?

**Shri T. A. Ramalingam Chettiar:** Yes.

**Mr. Deputy Speaker:** Has the honourable member leave of the House to withdraw?

The Amendment was, by leave of the Assembly, withdrawn.

**Shri T. T. Krishnamachari:** Sir, I move:

"That in the Schedule to the Bill in the proposed sub-section (7) of section 8 of the Reserve Bank of India Act, 1934, the words 'for not more than two full consecutive terms', be omitted."

This is not the original Reserve Bank Act. I spoke at length on this particular aspect of the matter yesterday. A similar provision does not find a place in the Nationalization Act so far as the Bank of England is concerned, in a country where there is ample talent available. So far as we are concerned, considering the number of restrictions that we have statutorily put on the qualification of a director or the type of people who will serve as Directors, I see there is no room for further tightening up the discretion of Government to say that no one will be a director for more than two consecutive terms. In fact if the director is not pulling his weight and is not useful, I think the Government will not

[Shri T. T. Krishnamachari]

renominate him. But if a particular person is useful, the mere fact that he has served two terms should not be a bar. I do not see the advantage of this particular addition to the clause.

I therefore move that this be eliminated with this rider that Government would only exercise their discretion in favour of a person being renominated for more than two terms, or being renominated once again in cases where he is useful and contributes to the proper working of the Bank. Sir, I move.

**Mr. Deputy Speaker:** Amendment moved:

"That in the Schedule to the Bill in the proposed sub-section (7) of section 8 of the Reserve Bank of India Act, 1934, the words 'for not more than two full consecutive terms', be omitted."

**The Honourable Shri K. C. Neogy:** Sir, I have much pleasure in accepting the amendment: it only enlarges the scope of Government's discretion.

**Mr. Deputy Speaker:** The question is:

"That in the Schedule to the Bill in the proposed sub-section (7) of section 8 of the Reserve Bank of India Act, 1934, the words 'for not more than two full consecutive terms', be omitted."

The motion was adopted.

**Shri T. A. Ramalingam Chettiar:** Sir, I beg to move:

"That in the Schedule to the Bill, in the proposed sub-section (1) of section 9 of the Reserve Bank of India Act, 1934, for the word 'three', the word 'seven' be substituted."

Sir I am proposing that in the local board the number may be 7 instead of 5 for this reason. The clause says that the representation ought to be distributed throughout the territory, there should be territorial representation and there should be also representation for co-operative societies and indigenous banks. For instance, in the Madras Circle I want one representative to represent the Andhra Desh, one to represent the Tamil Nad, one for Mysore and Karnatak areas and the fourth to represent Travancore, Cochin and Malabar, one at least ought to be a co-operator and one an indigenous banker. So there will be six people accounted for. I am only suggesting that the number may be seven, so that there may be proper representation given to all interests. It is quite possible to say that in territorial representation the whole of it may be treated as one territory and you can appoint only one person. There is no meaning in saying that there will be territorial representation unless you are going to give adequate representation. The proposal that has been brought forward in another amendment is that the number should be 5 instead of three. As I have already explained taking Madras as having one of the local boards there shall be at least 6. So five will not satisfy the requirements of the place. That is why I propose seven since five will not be suitable.

**Mr. Deputy Speaker:** Amendment moved:

"That in the Schedule to the Bill, in the proposed sub-section (1) of section 9 of the Reserve Bank of India Act, 1934, for the word 'three', the word 'seven' be substituted."

**Shri T. T. Krishnamachari:** Sir, I propose with your permission to move later on an amendment that the number should be five instead of three.

**Mr. Deputy Speaker:** The honourable member can move the amendment now.

**Shri T. T. Krishnamachari:** Sir, I move:

"That in the Schedule to the Bill, in sub-section (1) of the proposed section 9 of the Reserve Bank of India Act, 1934, for the words 'three', the word 'five' be substituted."

The reason why I have limited the number to five is that as it is at present there are seven directors in the local board, four of whom are elected by the

shareholders and three are nominated by the authorities. All these three are supposed to represent specific interests. Actually the work of the local board, even as it is, is more or less of a nominal nature. One of the important pieces of work that it does is to look into the share transfer register, scrutinise it and authorise the share transfer. It will not do that work hereafter and its advisory capacity will be much less than what it is today by reason of the fact that it is a government bank and the Central Board will practically do all the work that is necessary. So a large representation will be futile. My honourable friend Mr. Chattiar said that four must represent territorial interests in a province like Madras and two must represent special interests. There is nothing to prevent the person representing Malabar to represent also the interests of the indigenous bankers or the person who represents Tamil Nad may also represent co-operative societies. There is absolutely no bar to all these interests being represented and still the number being only 5. Any larger number would be futile when the work of the board will be practically nominal and that is why I propose the number five instead of seven.

**Mr. Deputy Speaker:** Amendment moved:

**"That in the Schedule to the Bill, in sub-section (1) of the proposed section 9 of the Reserve Bank of India Act, 1934, for the words 'three', the word 'five' be substituted."**

**The Honourable Shri K. C. Neogy:** Sir, I am prepared to accept the amendment of my honourable friend Mr. T. T. Krishnamachari. I do not altogether agree with him that there will be very little work left for the local boards. It is true that there will be no share registers in future and therefore the local boards will not function in respect of the share transfers, but if and when the Reserve Bank comes to be endowed with greater authority for purposes of supervision and control over the private banks as is proposed to be done under the Banking Bill, I take it that the local boards will have a considerable part to play in regard to various matters connected with enquiries and other things that the Reserve Bank may undertake.

**Shri T. A. Ramalingam Chettiar:** Sir, I am surprised at this. When I moved the other proposal the Honourable Minister said that there will be proper representation in the local board and I ought to be satisfied with it. Now he explains that the local board is nothing. I do not know how the two statements are to be reconciled.

**The Honourable Shri K. C. Neogy:** I never said that.

**Mr. Deputy Speaker:** On the other hand, he supported it.

**Shri T. A. Ramalingam Chettiar:** Sir, in the circumstances, I beg to withdraw my amendment.

**Mr. Deputy Speaker:** Has the honourable member leave of the House to withdraw his amendment?

The amendment was, by leave of the Assembly, withdrawn.

**Mr. Deputy Speaker:** The question is:

"That in the Schedule to the Bill, in sub-section (1) of the proposed section 9 of the Reserve Bank of India Act 1934, for the word 'three', the word 'five' be substituted."

The motion was adopted.

**The Honourable Shri K. C. Neogy:** Sir, I move:

**"That in the Schedule to the Bill in the proposed amendments to section 11 of the Reserve Bank of India Act, 1934, for items (i), (ii) and (iii) the following be substituted:**

**'(i) in sub-section (1) for "nominated or elected", substitute "other" and omit the proviso.**

**(ii) for sub-section (2) substitute the following, namely:**

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"(2) A Director nominated under clause (b) or clause (c) of sub-section (1) of section 8 shall cease to hold office if without leave from the Central Board he absents himself from three consecutive meetings of the Board convened under sub-section (1) of section 13.";

(iii) in sub-section (5) the words "appointment" and "or election" in two places shall be omitted'."

Sir, I apologise to the House for having to move these amendments which at first sight might appear to be rather confusing. Yesterday I circulated a paper indicating how the entire section 11 would read as a result of the amendments proposed in the amending Bill, subject to the amendments that I have now moved. This was placed in the hands of every honourable member. It is rather a long note but if you want it, I can read out the whole of it and most of it is not of any substance actually. The only point of substance is as regards the disqualification of a director if he absents himself from three consecutive meetings. This unfortunately was omitted due to an oversight. The others are more or less drafting amendments, particularly to correct certain errors, except that in case of item (1) the result of the amendment would be to place the Governor, the Deputy Governors and the other Directors on the same footing for purposes of removal from office.

**Mr. Deputy Speaker:** The question is:

"That in the Schedule to the Bill in the proposed amendments to section 11 of the Reserve Bank of India Act, 1934, for items (i), (ii) and (iii) the following be substituted:

'(i) in sub-section (1) for "nominated or elected", substitute "other" and omit the proviso.

(ii) for sub-section (2) substitute the following, namely:—

"(2) A Director nominated under clause (b) or clause (c) of sub-section (1) of section 8 shall cease to hold office if without leave from the Central Board he absents himself from three consecutive meetings of the Board convened under sub-section (1) of section 13.";

(iii) in sub-section (5) the words "appointment" and "or election" in two places shall be omitted'."

The motion was adopted.

**The Honourable Shri K. C. Neogy:** Sir, I move:

"That in the Schedule to the Bill in the proposed amendment to section 12 of the Reserve Bank of India Act, 1934, in item (iii) the words 'and omit the proviso' be omitted."

This is intended to correct what is purely a drafting error.

**Mr. Deputy Speaker:** The question is:

"That in the Schedule to the Bill in the proposed amendment to section 12 of the Reserve Bank of India Act, 1934, in item (iii) the words 'and omit the proviso' be omitted."

The motion was adopted.

**The Honourable Shri K. C. Neogy:** Sir, I move:

"That in the Schedule to the Bill for the proposed amendment to section 18 of the Reserve Bank of India Act, 1934, the following be substituted:

*Section 18—*

(i) in the first paragraph, omit the words "or, where the powers and functions of the Central Board under this section have been delegated to a committee of the Central Board or to the Governor, in the opinion of such Committee or of the Governor, as the case may be,";

(ii) in clause (2) for the word "sterling" substitute the words "foreign exchange"; and

(iii) omit the proviso'."

As regards the first one it is also by way of correction of an error of drafting. As a matter of fact the words in the amending Bill are not appropriate to the changed character of the Bank.

As regards (ii) the amendment seeks to substitute 'sterling' by 'foreign exchange'. The reasons for this I have explained in my opening observations yesterday.

As regards the omission of the Proviso, here again certain words were left in the amending Bill which are inappropriate, having regard to the changed constitution of the Bank.

**Mr. Deputy Speaker:** The question is:

"That in the Schedule to the Bill for the proposed amendment to section 18 of the Reserve Bank of India Act, 1934, the following be substituted:

'*Section 18*—

(i) in the first paragraph, omit the words "or, where the powers and functions of the Central Board under this section have been delegated to a committee of the Central Board or to the Governor, in the opinion of such Committee or of the Governor, as the case may be,";

(ii) in clause (2) for the word "sterling" substitute the words "foreign exchange"; and

(iii) omit the proviso'."

The motion was adopted.

**Mr. Deputy Speaker:** The question is:

"That the Schedule, as amended, stand part of the Bill."

The motion was adopted.

The Schedule, as amended, was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Shri K. C. Neogy:** Sir, I move:

"That the Bill, as amended, be passed."

**Mr. Deputy Speaker:** The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

## INDIAN COTTON CESS (AMENDMENT) BILL

**The Honourable Shri Jairamdas Doulatram** (Minister for Food and Agriculture): Sir, I beg to move:

"That the Bill further to amend the Indian Cotton Cess Act, 1923, be taken into consideration."

This is a simple Bill and three points are involved for the purpose of amendment. Almost entirely, the Bill is the consequence of the partition of the country—especially the amendments which relate to the composition of the Central Cotton Committee and also the functions of the Committee.

The first amendment is this. The Central Cotton Committee contains representatives of the Provinces. As some of the Provinces have gone out of India their representatives are no longer to be retained in the Committee.

The second amendment relates to the functions of the Committee. Originally, according to the Preamble, the purpose of the Committee was not only to do research but also to help in marketing and development. As a result of partition we have found that the 9½ lakh bales which we used to receive from areas which are now included in Pakistan can only be produced if we develop the cotton areas within India. Therefore the amount of research work to be done has increased. There are areas which are intended to be developed for the purpose of better and superior quality of cotton. It is therefore felt that the functions of the Committee also should be in tune with the Preamble of the Bill, so that for the purpose of marketing and development the Committee might be able to function better.

The third amendment relates to the increase of the amount of the cess from two annas to four annas in the case of baled cotton and from six pies to one anna in the case of unbaled cotton. Originally this was the cess under the Act as passed in 1923 and a certain amount of reserve was built up. Later on

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the cess was reduced. Ever since then the Committee has been drawing amount every year upon its reserve, to make two ends meet. During the last ten years it was found that the Committee was not able to balance its budget and about Rs. 2 to 5½ lakhs was the deficit. The Committee continued to draw upon the reserves built out of the original cess at the rate of 4 annas. By 1945 the reserves also were almost exhausted and in spite of the prescribed minimum limit of Rs. 9 lakhs it was found that only about Rs. 7 lakhs remained in the reserve. At the same time after partition, because of extra number of research stations and because of additional work to be done, the Committee has proposed that the cess might be increased.

With regard to the result of the research work, in the case of certain important varieties, say, for instance, the Broach variety, the improvements have resulted, in a benefit of about Rs. 2 to 3 crores to the growers, because the improved variety gets a higher price. In the case of Jarilla, the improvement has resulted in a benefit of Rs. 2 to 2½ crores.

The consequence of partition has been that the irrigated cotton area has gone over to Pakistan. The yield in the irrigated cotton area is higher than in the rain-fed area. Therefore a greater effort has to be put forth and more research has to be done so as to see that the better varieties can be grown also in the rain-fed area. All this necessitates extra expenditure.

The plan at present is to put about 40 lakhs additional acres under cotton. Therefore, it is requested that the cess might be increased from 2 annas to 4 annas. This amounts really to about 1/12th per cent of the present value of cotton. That means somewhere about one pie per hundred-rupees. Therefore, it will have no substantial effect on the price of cotton. The Standing Advisory Committee of the Department has also approved of the Bill. Therefore I hope that the members of the House will see the necessity of this extra increase of cess, and also the two other amendments, and pass the Bill.

**Mr. Deputy Speaker:** Motion moved:

"That the Bill further to amend the Indian Cotton Cess Act, 1923, be taken into consideration."

**Mr. R. K. Sidhva** (C. P. and Berar: General): Sir, this Bill seeks, as the Honourable Minister stated, to increase the cess from two annas to four annas, and from six pies to one anna, and also to amend the constitution of the Cotton Cess Committee. From the statement of objects and reasons it is clear that all along cotton was exported to Japan and a cess was levied on the export of cotton, but that due to Japan having entered the War, to that extent our finances have suffered and the Committee has suggested this increase. There is no objection to the increase in the cess, but I would like to point out one thing and draw the attention of the Honourable Minister to it, namely that the object of the Indian Cotton Cess Committee is to promote technological research in the interests of the cotton industry.

Sir, after Pakistan came into existence, as you are well aware, the long staple cotton that was grown in Sind and Punjab has been lost. Broach grows a certain superior quality of cotton, but it cannot be compared with the American quality which is known as a very special staple quality, which Sind and the Punjab also were growing. It has therefore to be specially borne in mind that the Cotton Cess Committee has to explore all avenues and extend their energies to see that this fine long staple cotton is grown in our country. Sir, you are aware that we had to send a delegation to Egypt to purchase on a barter system fine staple cotton for our mills. That delegation has failed, and we could not get, for reasons best-known to the Government, this long staple cotton from Egypt. Egypt grows a very fine staple of cotton and from that a finer kind of cloth is made. Sir, I therefore draw the attention of Government to this and say that earliest steps should be taken to ask this Committee to undertake immediately research in this direction and see that while increasing the cultivable area, a finer variety of cotton

is also grown immediately, from next year. Let me tell the Honourable Minister that it will not take much time to do so; Sind which was growing only ordinary Sind cotton was able, after the Cotton Committee reported that Sind could produce American variety, to produce fine cotton within two years after research there. The Honourable Minister may not be under the impression that it may take some time.

Sir, we have to recoup the cotton lost to us in Pakistan. And we should also produce finer long staple varieties for producing finer cloth. We should not depend upon foreign countries; it is high time that we produce fine staple cotton in our country. I am sure that the ground that we have lost will be recouped if efforts are made by the Cotton Cess Committee, which is its fundamental duty. Under these circumstances, I support the motion and draw the attention of the Honourable Minister to the remarks that I have made. As far as the change of constitution is concerned, I have nothing to state because that is obvious in view of the division of the country.

**Shri Satish Chandra** (U. P.: General): Sir, having learnt from you this morning that talking pays, I venture just to say a few words today, and enter a talking career. I would like to make only a few brief observations with regard to this Bill.

Sir, this country has been the birth-place and the ancient home of cotton, and it was from this country that cotton migrated to other parts of the world. But today we find that cotton produced in this country is probably of the poorest quality that can be found anywhere else. It was under these circumstances that the Indian Central Cotton Committee was constituted by an Act of this House in 1923. Since then it has been doing useful work no doubt, but I would submit that much more vigilance and effort is required to produce better standards of cotton in our country.

If we just look over 25 years of work that this Committee has been doing, we shall find that up till now it has only been able to increase our long and medium staple varieties of cotton from 30 to 45 per cent. It has changed the character of the cotton crop to a certain extent. Though no long staple cotton, of staples bigger than an inch, was produced in those years when this Committee came into existence, we have now about 50 per cent. of the total of the long and medium staples as cotton with more than one inch staple.

Sir, we see that the area under cultivation of cotton has been continuously going down. If we compare the figures of 1941-42 with those of 1945-46, we find that the acreage of cotton has almost gone down by 50 per cent in the four or five years of war and the production of cotton has also similarly gone down. While India produced in 1941-42 about 44,24,000 bales of cotton, the production in 1945-46 was only 21,19,000 bales. These figures include the Indian Provinces and States, as also the Hyderabad State if we can include its territory as a part of our economic unit. I just want to supplement Mr. Sidhva's point by saying that in the divided India we have lost greater portion of the area where cotton acreage and production had not gone down to the same extent. That means that after partition we have been doubly hard hit. The cotton area in Pakistan has gone down only from 36,83,000 acres to 33,19,000 acres in the four years about which I am talking, while in India the area has gone down from 2,04,68,000 acres to 1,18,49,000 acres. There has been a decrease of about 50 per cent. in cotton area and more than 50 per cent in cotton production. The Central Cotton Committee should devote itself to this important aspect of our cotton problem if we are to become self-sufficient in respect of our cotton requirements.

Another thing that occurs to me, Sir, is that while we talk of food, it is generally said that during these years the 'Grow More Food Campaign' has

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been responsible for the cultivator changing from food to cash crops, namely cotton, sugar-cane and so on. But when we look at the statistics we find that the area under such cash crops has also gone down. I do not know whether something is wrong with the statistics or the statisticians, or whether the purpose of these experts is only to confuse and complicate simple issues and explain them away by putting arguments as they suit them at particular moments. The statistics of the same statistician are placed before us, and we are told different things at different times. I would therefore request the Honourable Minister to kindly look into this important aspect of the problem.

One thing more which I would like to say is this. The Library of the House has not got any literature, not a single report, nothing about the working of this Committee, which is a statutory body deriving its authority from an Act passed by this Legislature. I wanted, with the help of the Librarian, to search anything, to find out some literature in respect of this Committee, and I am sorry to say that not a single volume could be available. The Committee, during its 25 years of existence, has not been able to place even one report about its work, in the past, or the work it proposes to do in the future, in the Library of the House. It is only from casual information gleaned here and there from the statistical data published by the Economic Adviser (Ministry of Agriculture), that one can draw his conclusions. There is no literature as such from the Committee in the Library of the House.

Another point that I would submit, Sir, is that we have lost all the area under jute in East Bengal, and also a lot of area under cotton in the Punjab which grew mostly medium and long staple varieties. At the same time, everywhere, it is being suggested that the area under food should increase. It is, I think, not possible to increase the area under cotton in this country as the Indian Central Cotton Committee has suggested recently. I understand that the Indian Central Cotton Committee has recommended that 4 million acres of land should be brought under cotton cultivation so as to grow one million additional bales of long staple varieties of cotton. I do not know where these 4 million acres are to be found at present, till we can reduce the area under food crops. Therefore, I think, the real emphasis should be on increasing the yield per acre rather than adding to the area under cotton. If we compare the figures of crop yield in other countries like Egypt, U.S.A. or Peru to our own, we find that India grows only 110 lbs. of cotton per acre, whereas Egypt grows 530 or 535 lbs. In these 25 years that this cess is being levied and this Committee has been functioning, we have only been able to improve the yield from 96 lbs. to 110 lbs., that is to say about 15 lbs. per acre according to the figures of these statisticians, which I think are not wholly reliable. Therefore, I submit that the greatest consideration should be given to this aspect of the problem also.

Then, Sir, this Committee has been engaged mostly on technological research. It maintains a technological laboratory, an experimental spinning station and a testing house for fibre in Bombay. But it has altogether neglected the agricultural side of it. The Provincial Governments have of course been doing something, and this Committee has tried to co-ordinate their activities. But it has not done anything directly for the agricultural improvement and agricultural research of cotton cultivation. I think this can be explained away by the fact that the section which is now being amended, Section 12(2) says that the money realised from the cess could only be spent on technological research for the development of cotton industry. But as you will see from the Preamble of the Act, the Committee has been constituted for "the improvement, development and the growing, marketing and manufacturing of cotton in India". So even if Section 12(2) restricted the scope of the expenditure that the Committee could incur out of this cess which had to be applied only to technological research, still it could have done more in this field if the

Government had taken care to provide money from general revenues or the Cotton Fund. Anyway, this defect is being sought to be remedied by this amending Bill and I hope the Committee would take greater interest in this respect.

Lastly, Sir, I have a few words to say regarding the constitution of the Committee. There is a publication by the Imperial Council of Agricultural Research regarding its "organisation and function", and at the end of it, a list is appended of the members of the Indian Central Cotton Committee also. I am amazed to see that while in this Committee, the manufacturers the big businessmen, traders, they are all over represented, the few seats that are reserved for growers have gone to Nawabs and Rai Bahadurs. I do not know why, Sir, the United Provinces growers are represented by one of the biggest zamindars of that province, a Nawab who has probably, I think, never seen a cotton plant, and the other is a Rai Bahadur. Are there no other persons who grow cotton in the whole of the United Provinces and who can be found to represent the interest of the growers on this Committee? I find, this is the general position. I cannot definitely speak about other provinces, but at any rate, I very much doubt if the two persons who represent the cotton growers from the United Provinces on this Committee have ever seen a cotton plant or can identify and pick it up when it is mixed up with other plants.

**Mr. Deputy Speaker:** I think the honourable member ought to confine himself to the increase of the cess.

**Shri Satish Chandra:** The cess is levied by the Committee which is constituted by an Act, and if the cess is increased its burden goes ultimately to the tax-payer and to the consumer, and we should see that it is properly spent and it is properly administered. It is in that respect that I am making my observations. If I am off the point, I can resume my seat.

**Mr. Deputy Speaker:** The honourable member may reserve the constitution etc. to some other Bill that may come, but it is not quite relevant to the scope of this Bill.

**Mr. Hossain Imam** (Bihar: Muslim): The Constitution of the committee is also one of the items that is being amended. Therefore, I think, the honourable member is relevant.

**Mr. Deputy Speaker:** The honourable member may go on.

**Shri Satish Chandra:** Sir, I would say that the Indian Central Cotton Committee has neglected one more important aspect, and that is the proper utilization of our short staple cotton. In other countries, we find that a lot of improvements have taken place in the cultivation as well as on the technological side of cotton cultivation as well as cotton trade and cotton manufacture. In Russia we find that cotton is now being grown in natural colours such as red cotton or blue cotton. There is an interesting pamphlet "king cotton" published by the Department of Information and Broadcasting. From it I have got the information that Russia is growing cotton in natural colours. I do not know, Sir, whether any effort has been made in this country to grow cotton in different colours. If such cotton is grown in some countries and it ultimately finds a market in other countries, I doubt, if our white cotton will not become obsolete and out-of-date. I am sure, its demand and its prices will very much go down. I wish, Sir, that the Indian Central Cotton Committee may conduct research in that direction and try to keep in touch with the experiments that are being made in other countries.

There are also non-textile uses of short staple cotton in other countries, for example, cotton-belting, cotton bags and other things. In this country we are

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only producing coarse cloth out of it, or we are exporting it to other countries, while we can very well manufacture many important things out of that, if there is some technological research on the uses to which it can be put. Without exporting it, we may easily manufacture those things which we now usually import. Similarly, Sir, rayon I understand has now become very popular, and in U.S.A. its production has gone to such a high level that out of the total fibre produced in the world, about one third is rayon fibre. If our people have got a taste for fine cloth, we can convert our short staple cotton, by artificial means, by using its cellulose, into artificial silk and finer cloth, and I hope that experiments will be made in this direction also by the Committee.

Sir, though this Committee has been doing useful work, and it has carried out many agricultural experiments for evolving better varieties of cotton by hybridization and inter-breeding of various strains, or by suggesting methods for the control of pests and virus or fungus diseases, I think there are many other ways in which the activities of this Committee can be developed. Sir, as I said before, I think that the Committee has been doing very useful work, and very little flutter that has been caused in this House when the cess is being doubled is in itself a tribute to the work of that Committee. I only wish, Sir, that its activities must be more diversified and developed.

**Mr. Deputy Speaker:** As the House had sufficient discussion over this, I shall request the Honourable Minister to reply.

**Some Honourable Members:** No, no.

**Mr. Hossain Imam:** The House seems to have the desire to have further discussion on this Bill and therefore, it would be better if you postpone it till tomorrow.

**Mr. Deputy Speaker:** We can sit for 15 minutes more.

**Shri Biswanath Das** (Orissa: General): Mr. Deputy Speaker, Sir, I wanted to give my honourable friends, the Ministers a safe passage of their Bills by remaining myself silent. I have followed this all along for the past few days, but I am sorry I have to request my honourable friend for some explanation connected with this Bill. Sir, we are unfortunately having too many funds, too many committees working towards the same end and for the same purpose with diversified activities. Sir, we have a Cotton Cess Fund and the Cotton Fund. The House has a right to know why we have two different kinds of funds intended for the same purpose and realized from the cotton and cotton textiles. Sir, I further learn that the Cotton Fund has a lot of money at its disposal. If my information is correct, we have today about a crore of rupees, I am not sure but that is my information. If that is so, I should appeal to my honourable friend in charge of the Bill to explain why is there so immediate a necessity to rush through this Bill in this Session.

Having said so much about these two different funds, I should like to know why these two funds should not be co-ordinated and unified, brought under the unified control of one committee with one purpose namely development of the cotton industry as also cotton cultivation in the country. Sir, the Bill proposes to raise the taxation by 100 per cent. My honourable friend has not given an estimate of the amount that he expects to realise in terms of this taxation, what was the previous income under this head, what is the present income that is expected out of this.

**The Honourable Shri Jairamdas Doulatram:** Seven to ten lakhs; it depends on production and consumption in the mills.

**Shri Biswanath Das:** I am thankful, Sir. I am alive to his difficulties. I know important areas of Pakistan have gone out of us. I know that under

the name of the Grow More Food Campaign, areas have been diverted from this cotton cultivation, with the result that the area has been considerably reduced. None-the-less, we want that this cotton industry as also the cultivation of cotton should be undertaken in an intensive manner. I expect that the Honourable Minister would think of having a reshuffling of the whole thing. I am thankful to my honourable friend the previous speaker from the connected areas for having given an idea—a very good idea of the working of this Committee. Sir, if this committee is to be useful I think a new set up is necessary, a new set up whose utmost attempt will be directed towards development of agriculture as also of industry. As I have already stated, I repeat, we want two first class institutions namely, one for the development of cotton cultivation and also for improving the quality and improving production.

Sir, my honourable friends have referred to short staple cotton. I come from a district in Orissa which has the reputation of producing Patsal cloth. This cloth has got a wide reputation. They were going on with this industry producing the finest varieties of cloth, the Patsal cloth which could match with 200 counts of yarn. This very yarn was produced in this country out of this very cotton. Either there must have been deterioration or the art and industry have failed to live up to expectation, or have deteriorated in quality. In any event, it should be the duty and purpose of this Committee to see why it is so and what is the power that has dragged it down and down to this mire so as to be away practically from the pale of existence.

Having stated so much about the work of the Committee, I come to request the Honourable Minister about the representation in the Committee. He has given representation only to the cotton areas. Why? If I remember aright, Sir, his colleague and friend, the Honourable Minister in charge of Industry and Supply has allotted textile mills to the different provinces in India. Orissa has had allotment; I believe Assam has allotment. The other areas which had not found representation find their quota of allotment of this machinery. Therefore you feel, it is necessary and justifiable that the different provinces in India should have also their textile mills developed in their own areas. This takes us to this question namely that the provinces also will take care to see that they develop the growth of cotton in their areas. We have very good areas. An industrial survey was conducted in Orissa and also in the Orissa States and it is the view of experts that there is ample scope for development and growth of cotton in the province of Orissa. Need I say that there is and there will be the possibility of development of growth of cotton in other areas which are left without representation. I do not claim that equal amount of representation is necessary for those areas that are actually cultivating and producing cotton. But should I be wrong in claiming that certain representation is necessary also for the areas who are anxious to develop the growth of cotton and who are taking necessary steps in this regard. In this view of the question, I would appeal to my honourable friend to examine this question.

Sir, having stated so much, I would again revert to the question of having two first class institutions in our country for the growth and cultivation of cotton in quality and quantity as also to develop the cotton technology in this country. Sir, it is unfortunate, and I shall stand corrected if I am wrong —my information is this—that this unfortunate committee had also communalism brought into its operation with the result that it was neither useful nor helpful to the industry nor to agriculture to the extent to which we had expected. All this should be given the go by and a first class Agricultural Institute and a Technological Institute should very soon be inaugurated, if necessary with experts from outside countries. It is a sad anomaly that in our country with 32 crores, previously it was 40 crores, of people to clothe, it has not got a proper Technological Institute for cotton. It is a disgrace; we hang our face in shame. Still the fact remains. I would appeal to

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honourable friend to take care to see that he indents technologists and scholars who are well versed in this art from outside countries to help us in this regard, in the direction indicated. Sir, we are depending on Egypt. How long are we going to depend on Egypt? When I plead for oil-cakes and other necessary manure either for agriculture or for cattle, you plead in the name of hard currency, the necessity for dollars and hence the necessity for export. Need I say that this will be more useful to you, more helpful to you to your dollar reserves and also for the development of industry and agriculture in this country if you go ahead. Therefore, in conclusion, I would appeal to my honourable friend to make the committee more useful and effective and if necessary come forward with more taxation. We are not opposed to the idea of taxation. What we ask him to do is to make the Committee effective and go ahead with the scheme. I wish him good luck.

**The Honourable Shri Jairamdas Doulatram:** Sir, in the remaining five minutes it will not be possible for me to cover all the points which have been referred to. I therefore propose to deal with the major points, and with regard to the rest I can assure the House that they will be very carefully gone into and decided as favourably as possible. I am grateful to the members of the House for giving many constructive suggestions. With regard to some of them I may be able to state even now definitely what Government will do. I do propose to go into the constitution of this Committee in the sense as to who the persons are who represent the cotton growers; and if it is found that any people are not functioning effectively or do not represent the cotton growers properly.....(*An Honourable Member*: 'Cotton merchants'?) Yes, all those who represent the industry represent the growers, and if possible, also introduce new blood on the earliest possible occasion. I am surprised to know that there is nothing in this library which can give the members of this House any information as to the activities of the Committee which is 25 years old; and I do propose to supply that need immediately.

With regard to my honourable friend Mr. Sidhwa's suggestion, as a matter of fact the Committee sat within a month or two of partition and reviewed the whole position, and they themselves came to the conclusion that both with regard to the quantity and also the quality we will have to put forth special efforts. Therefore it is in the Committee's programme not only to increase the quantity but also to improve the quality. As a matter of fact they have a plan for about seven Central research stations in different regions and 25 sub-stations attached to them. It is because of shortness of time that I did not go into fuller detail, but this is their programme.

With regard to the cotton funds we made efforts to secure *ad hoc* grants and the Committee did give us and would give us *ad hoc* grants for special development schemes.

With regard to the criticism about the acreage under cotton it was decreased deliberately because in Bombay and some other provinces special efforts were made during war time to increase the area under food even at the cost of cotton. But this matter has been gone into and the provinces have been circularised so that under the new programme food may not suffer on account of cotton. The two things have to be reconciled; we want food and we want also cotton. How these two are to be reconciled has to be investigated.

Sir, I do propose to go into all the other suggestions and give them favourable consideration and try to implement them as soon as possible.

**Mr. Deputy Speaker:** The question is:

"That the Bill further to amend the Indian Cotton Cess Act, 1923, be taken into consideration."

The motion was adopted.

**Mr. Deputy Speaker:** The question is:

"That Clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

**Mr. Nasiruddin Ahmad** (West Bengal: Muslim): Sir, I beg to move:

"That in clause 3 of the Bill—

(i) part (b) be omitted, and

(ii) in part (a), the brackets and letters '(a)' be omitted."

There were four items of which items VIII, IX and X are condensed into two items leaving a gap of No. X. Now the Draftsman attempts to renumber XI as X and remove the gap. But it is the universal practice that when certain numbers are omitted the others are not renumbered, because that dislocates the original scheme. If some houses are broken in a street the municipality does not renumber the remaining houses, if some telephones are abandoned the other telephones are not renumbered. One should not attempt to change the scheme of numbers needlessly because it leads to administrative difficulties. If amendments are not thought necessary there need not be any amendments. The Honourable Minister may accept bad drafting or even bad English.

But I submit that for the sake of uniformity of practice as also of simplicity this should be accepted. Sir, I move.

**The Honourable Shri Jairamdas Doulatram:** Sir, I am not convinced by the argument and cannot accept the amendment.

**Mr. Deputy Speaker:** The question is:

"That in clause 3 of the Bill—

(i) part (b) be omitted, and

(ii) in part (a), the brackets and letters '(a)' be omitted."

The motion was negatived.

**Mr. Deputy Speaker:** The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clauses 4 and 5 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Shri Jairamdas Doulatram:** Sir, I move:

"That the Bill be passed."

**Mr. Deputy Speaker:** The question is:

"That the Bill be passed."

The motion was adopted.

*The Assembly then adjourned till a Quarter to Eleven of the Clock on Saturday, the 4th September* 1948.